

A Medium-Term Forecast for the German Economy

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The logo for GWS, consisting of the letters 'g', 'W', and 'S' stacked vertically in a stylized, 3D font.

1 Institution GWS

- GWS mbH was founded in 1996
- Main Focus: analysis of structural change
- Using a unique system of macroeconomic forecasting instruments that distinguish up to 200 industries and 56 regions (national, international)
- Main clients private enterprises, public authorities and different national and international research institutes



2 Instrument INFORGE (1/2)

- Main Modules
 - Flows of goods and services for industry (59) by industry (59) (input-output)
 - Privat and public consumption & investment (stocks and flows) for 59 goods and services
 - Income generation and employment for 59 industries
 - **System of National Accounts:**
 - private households, government, enterprices, rest of world
 - Income destribution and redistribution (taxes, social security)

The logo consists of the letters 'g', 'W', and 'S' stacked vertically in a stylized, 3D font. The 'g' is at the top, 'W' in the middle, and 'S' at the bottom. They are all in a light blue color with a darker blue shadow.

2 Instrument INFORGE (2/2)

- Variable and endogenously determined structures of sales and costs of the different branches
- Model is linked with the global system GLODYM (56 countries, 36 branches)
- Yearly update of INFORGE

The logo consists of the letters 'g', 'W', and 'S' stacked vertically in a stylized, 3D font. The letters are light blue with a darker blue shadow, giving them a three-dimensional appearance. They are positioned above a dark teal rectangular bar that has a subtle, abstract pattern.

3 Current Economic Situation (1/5)

Is Germany following Japan?
NO!

We are facing

- a more or less „classical“ cyclical movement of the economy!
- and the results of the oil-price shock in the year 2000.

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3 Current Economic Situation (2/5)

Structural problems of the German economy such as

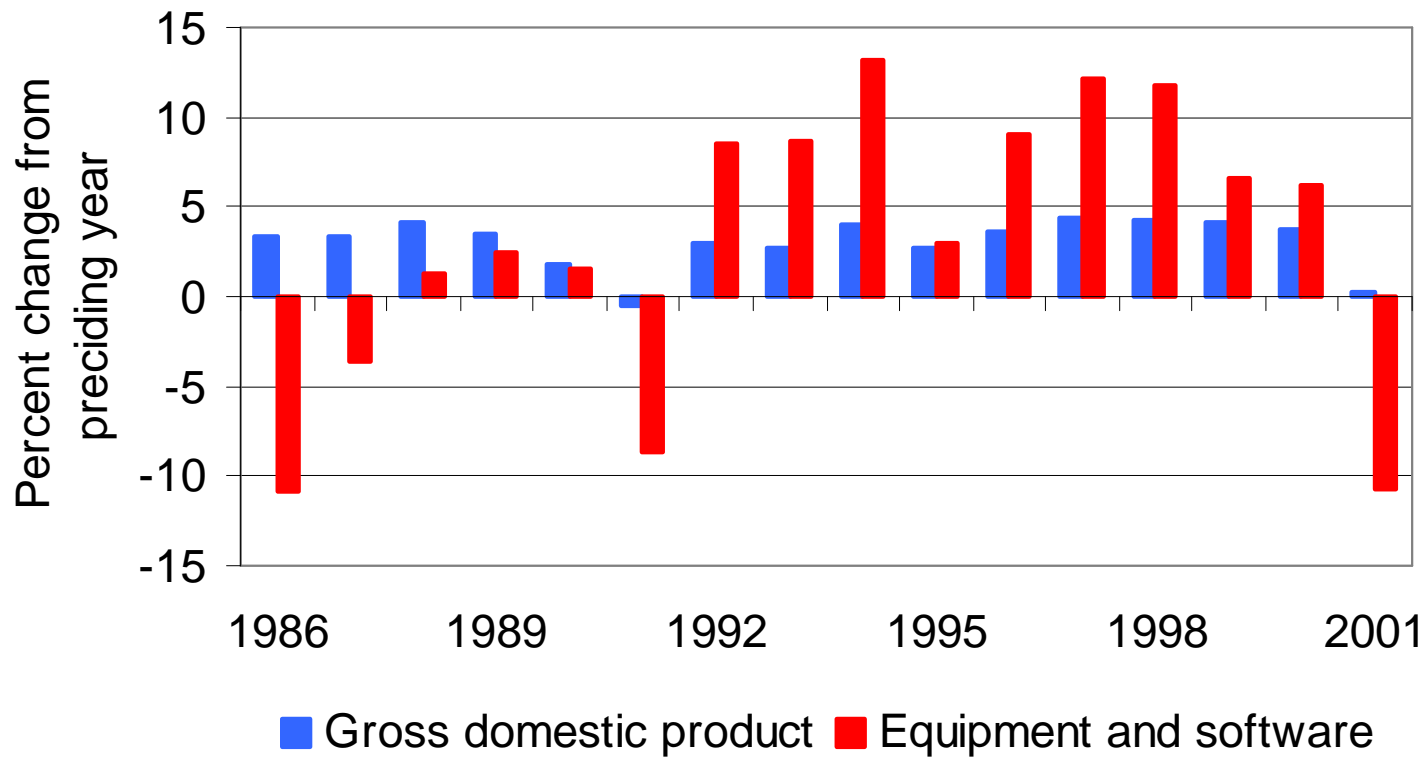
- regulations on the labour market,
- the deficient harmonization of demand and supply in the health system,
- financial problems of annuity insurance in an aging society,
- the burden of reunification and its allocation

are responsible for low average growth rates in the last decades, but not for the actual crisis!

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3 Current Economic Situation (3/5)

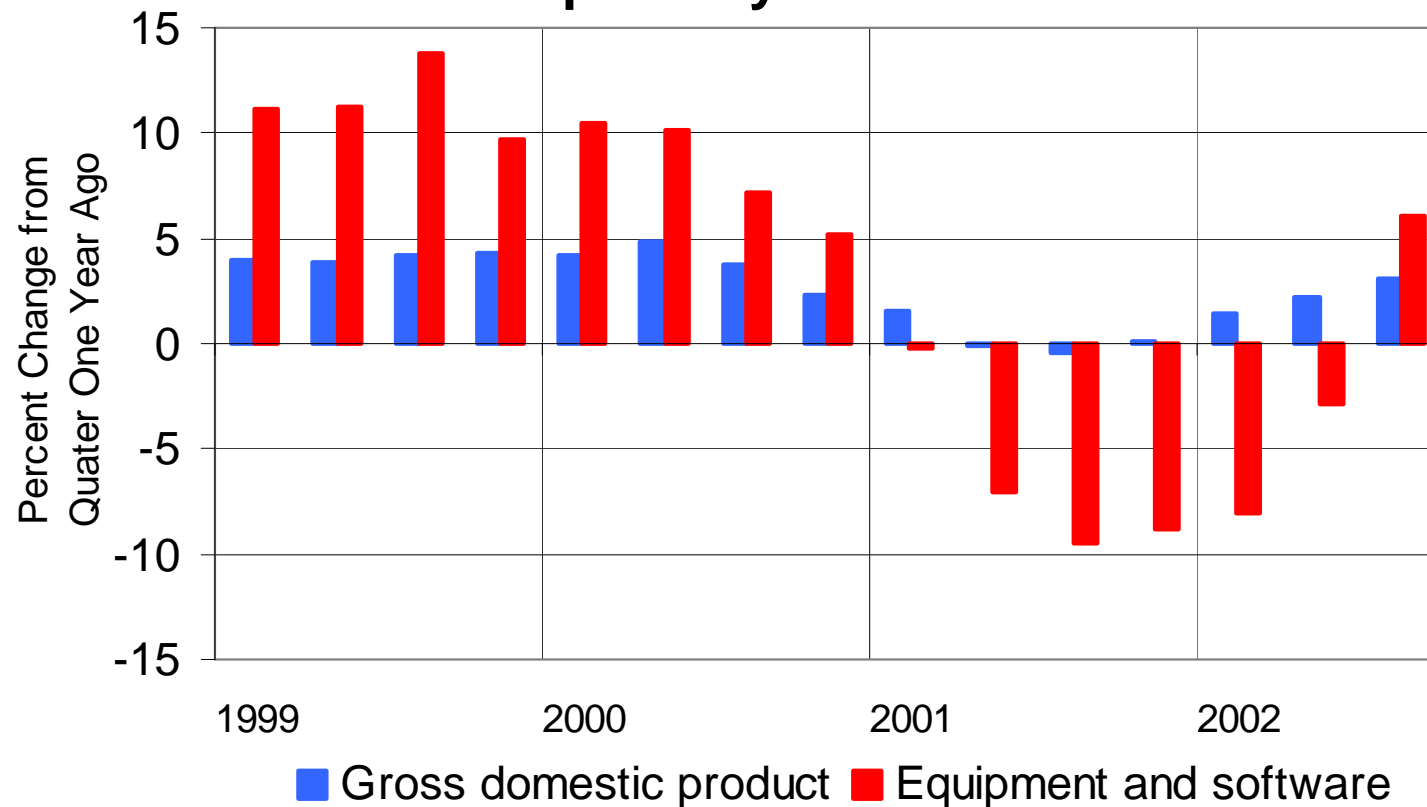
Real GDP and Investment in the US yearly data



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3 Current Economic Situation (4/5)

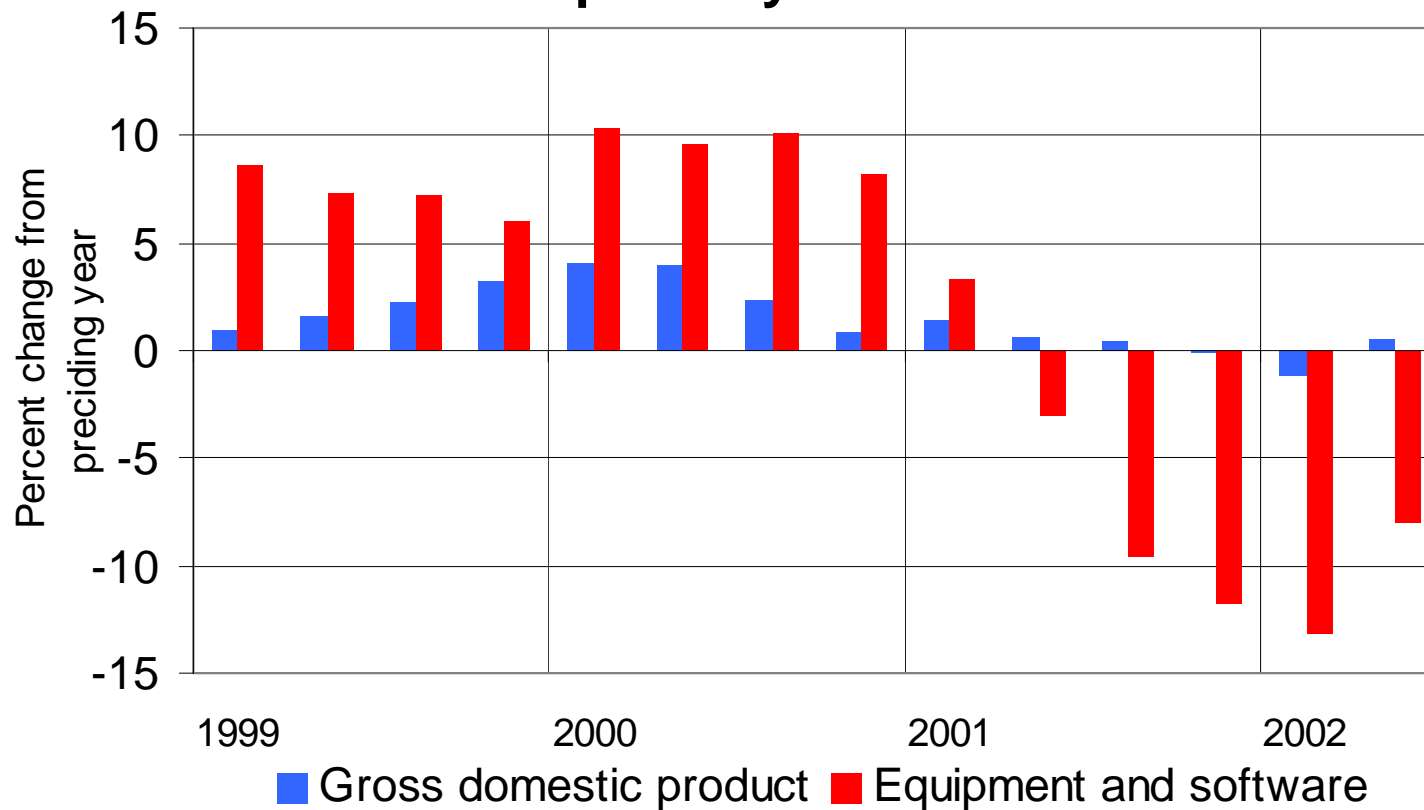
Real GDP and Investment in the US quarterly data



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3 Current Economic Situation (5/5)

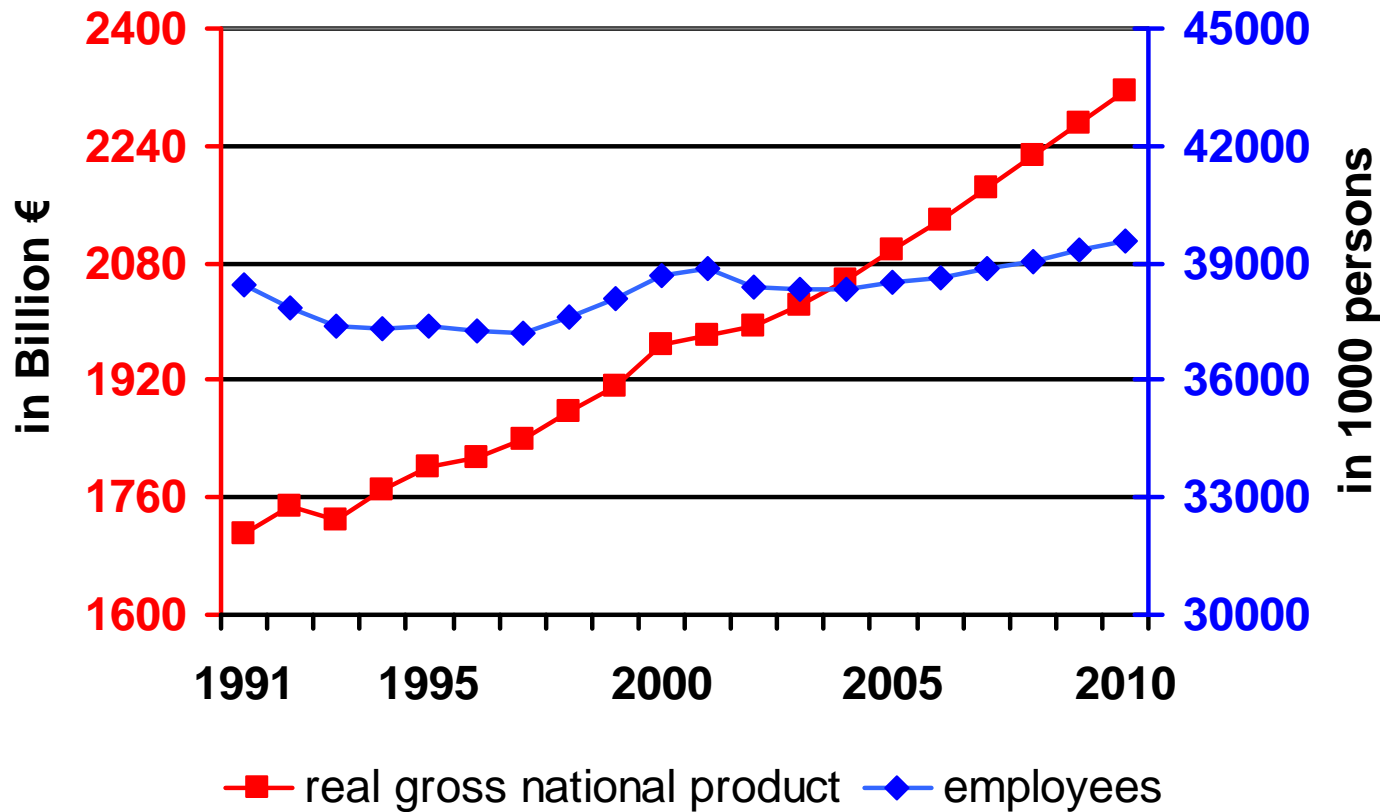
Real GDP and Investment in Germany quarterly data



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4 Forecast of the Main Aggregates (1/3)

Real GDP and Employees



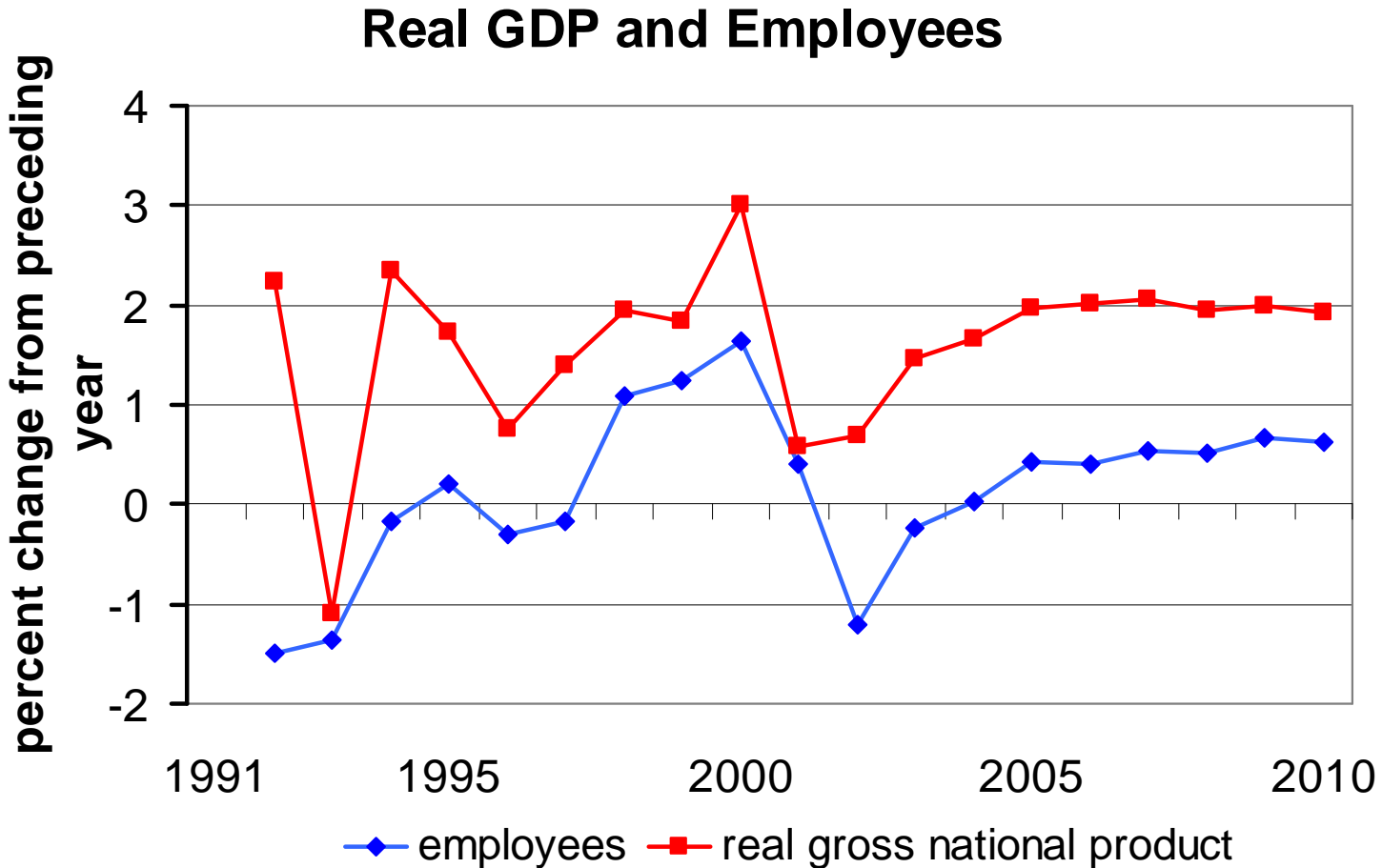
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4 Forecast of the Main Aggregates (2/3)

Percent change on average for given periods				
in real terms	1991/95	1995/00	2000/05	2005/10
... Consumption	1,4	1,6	1,3	2,2
..... Households	1,1	1,6	1,3	2,4
..... Non-profit Organisations	4,7	4,1	3,1	4,5
..... State	2,2	1,2	1,4	1,2
... Investment	0,6	1,8	-0,5	1,3
..... Equipment	-4,2	6,5	1,3	2,9
..... Construction	4,3	-1,3	-1,8	-0,1
Domestic Demand	1,2	1,6	0,9	2,0
... Balance of Exports and Imports	5,0	9,0	11,4	2,2
..... Exports	2,1	8,6	3,2	3,4
..... Imports	1,8	8,6	2,3	3,5
Gross National Product	1,3	1,8	1,3	2,0

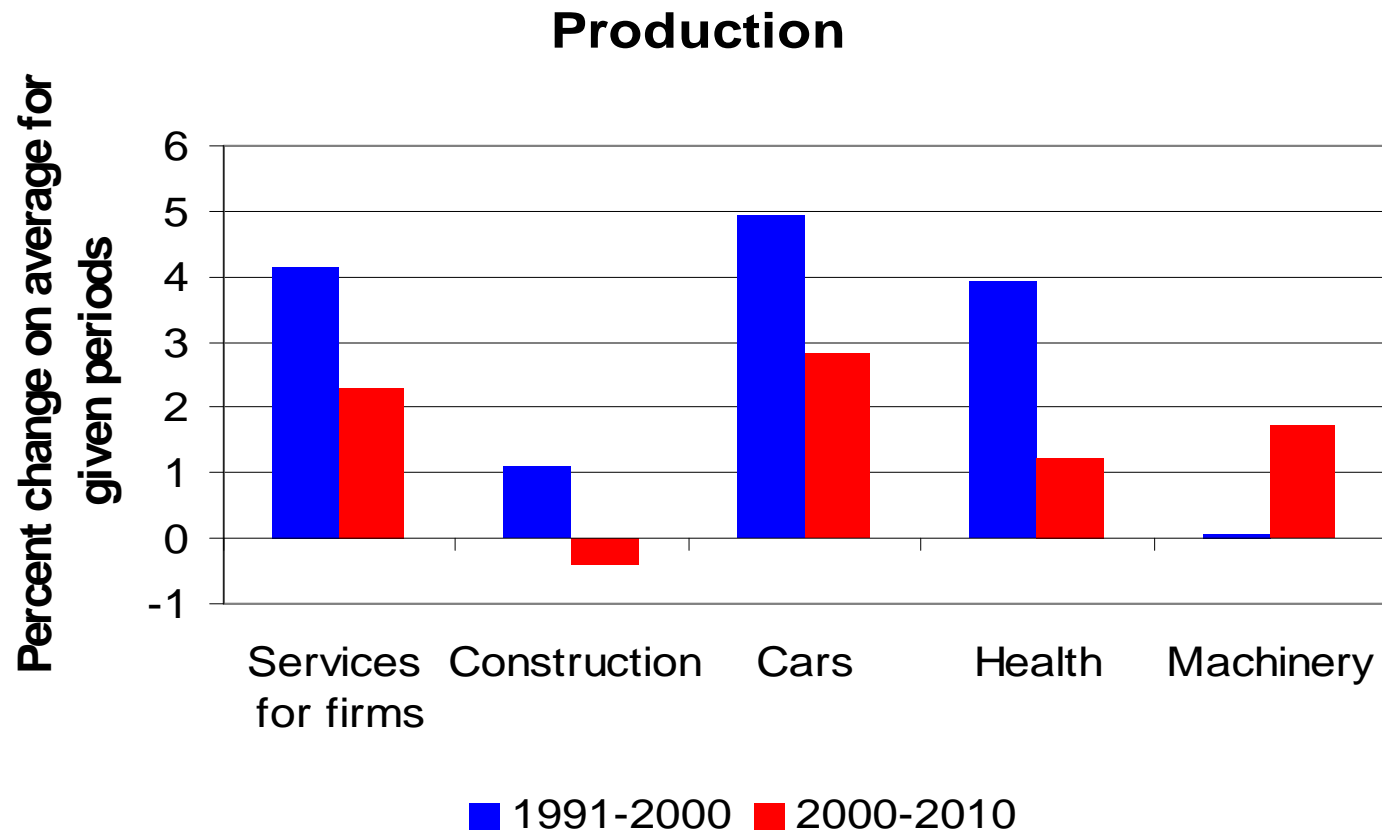
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4 Forecast of the Main Aggregates (3/3)



5 Performance of German Industries: (1/3)

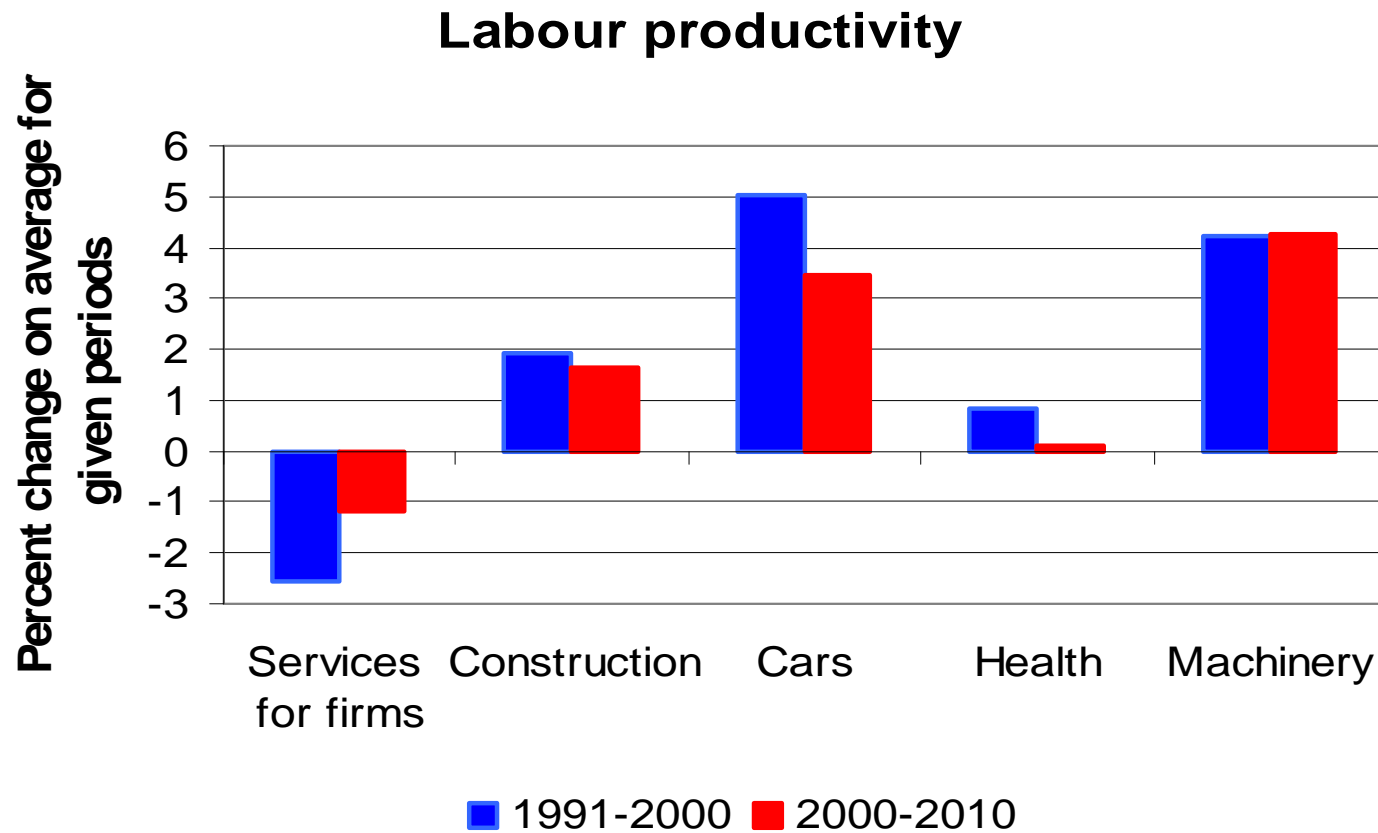
The big five



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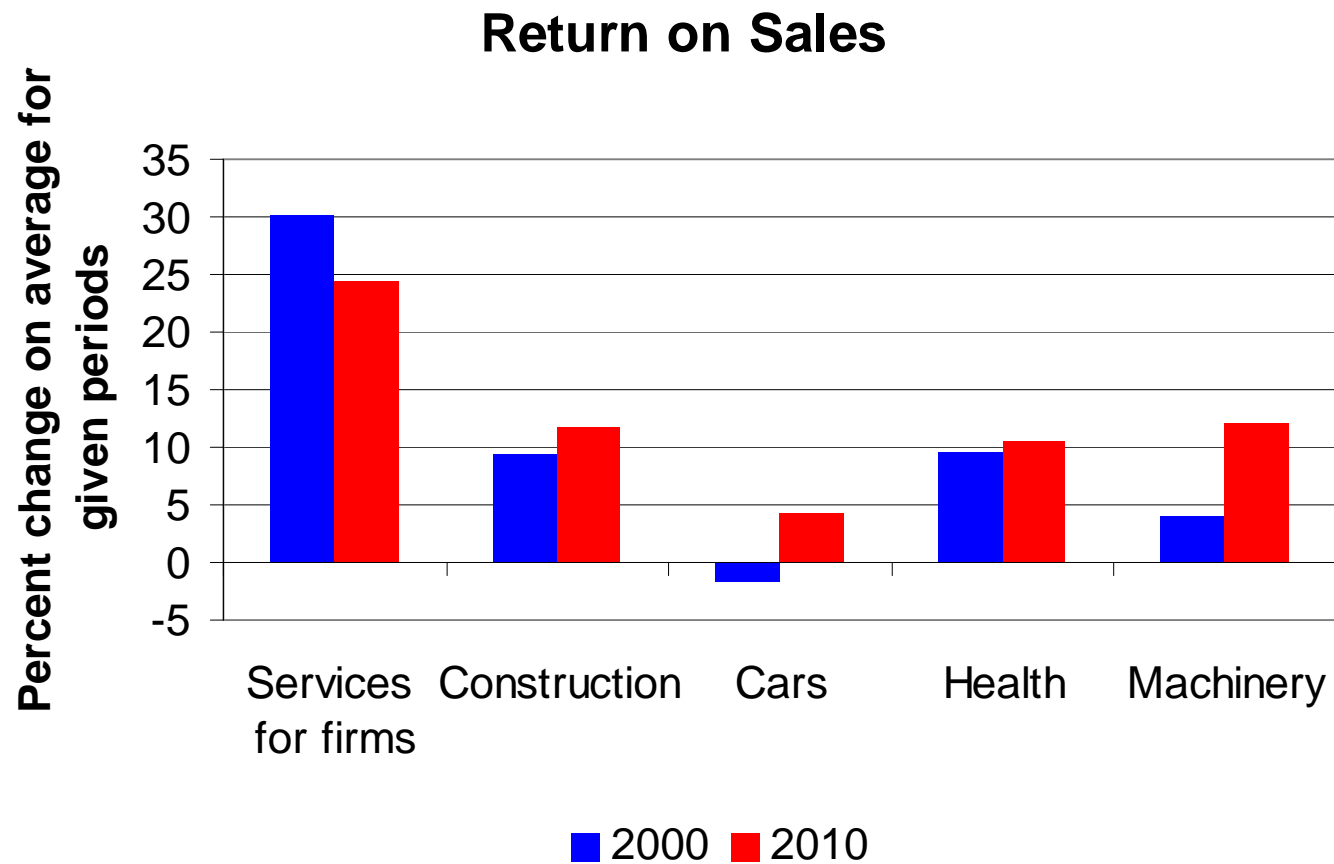
5 Performance of German Industries: (2/3)

The big five



5 Performance of German Industries: (3/3)

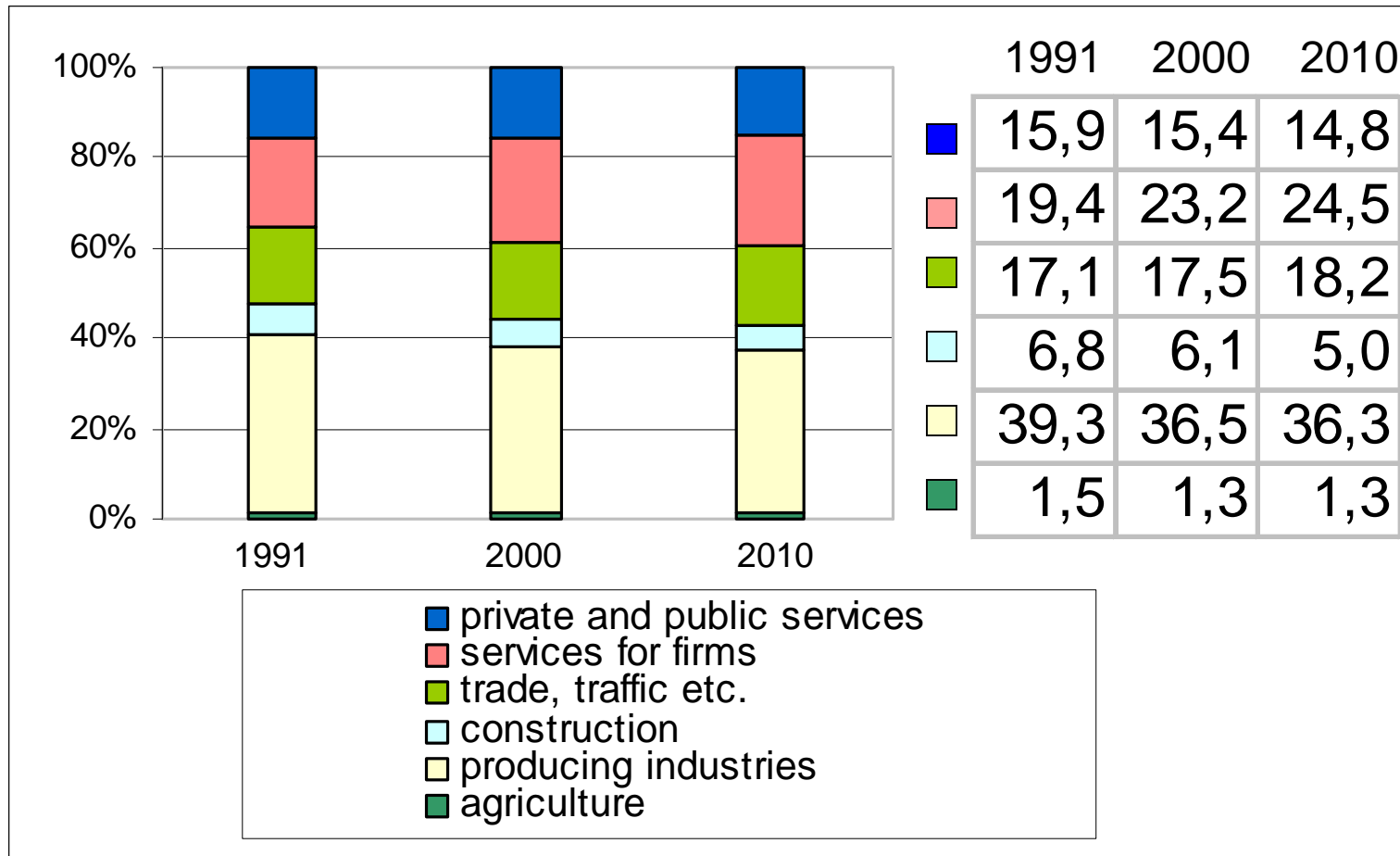
The big five



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6 The structure of production (1/3)

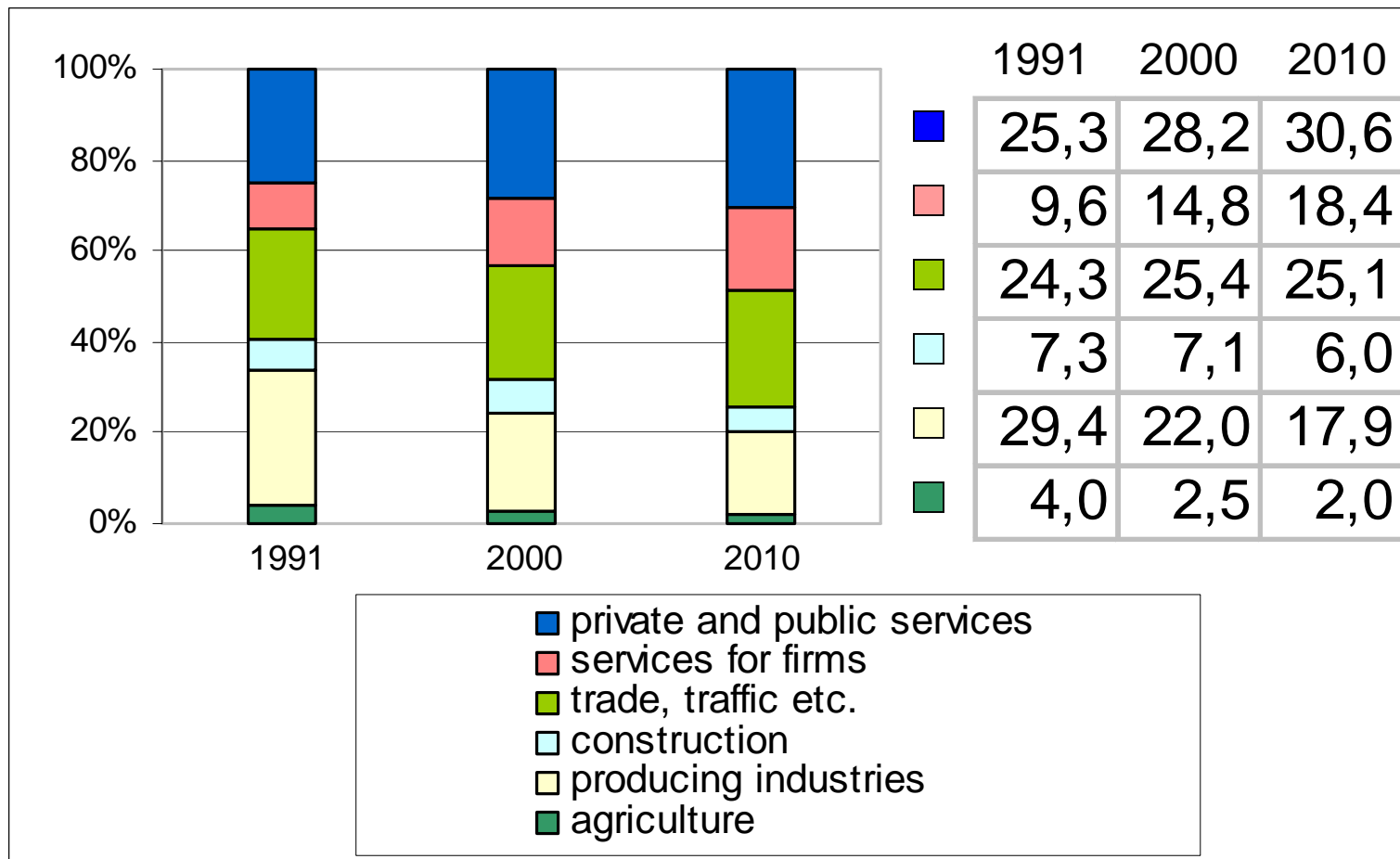
The structure of output



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6 The structure of production (2/3)

The structure of employment



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6 The structure of production (3/3)

- The producing sector has a relatively stable share of production, because exports are growing faster than every other component of final demand
- The public sector and construction are shrinking
- The growth of the share of services is given in terms of employment rather than in terms of output

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