

The NewsLine

27.12.2018

▶ MACROECONOMICS

FINANCIAL MARKETS

ECONOMIC POLICY

SECTORS

FINANCIAL ASSETS IN GERMANY

Weakest growth in seven years

Dr. Arne Holzhausen
Phone +49.89.3800-17947
arne.holzhausen@allianz.com

Allianz SE
https://www.allianz.com/en/economic_research.html

  Allianz Research
<https://twitter.com/AllianzResearch>

The financial assets of German households – despite significant losses in the last quarter – will remain above the 6 trillion mark in 2018, but only just: by the end of the year they should be around EUR 6,010 bn. This corresponds to an increase of a good 2 %, the weakest increase since 2011. With the end of the stock market boom, German savers will have to lower their sights again.

The correction on the stock markets – the DAX alone fell by almost 20% in 2018 – cost German households more than EUR 100bn or close to 2% of their total financial assets. However, the high savings efforts more than compensated for these losses: In the past year, fresh savings amounted to an estimated EUR 250 billion, a new record sum. This was due to the robust development of employment and income as well as increasing political uncertainty, which is likely to have contributed to a rising savings rate. At 10.3%, it was as high as it was ten years ago.

More than half of the new savings again benefited the banks. Given the weakness of the stock markets, this saving behavior may seem reasonable at first glance. But even there money is not "safe". With the rise in inflation, the return on bank deposits has now slipped sharply into negative territory and should be around -1.9% for 2018. In other words, this year alone savers have suffered losses of around EUR 45bn in purchasing power with bank deposits and cash. At this rate, the value of deposits will almost halve over the next 30 years. Especially in turbulent times, it is worth not losing sight of the long term.

The NewsLine

27.12.2018

ABOUT ALLIANZ

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 660 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.4 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2017, over 140,000 employees in more than 70 countries achieved total revenue of 126 billion euros and an operating profit of 11 billion euros for the group. These assessments are, as always, subject to the disclaimer provided below.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements. Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

NO DUTY TO UPDATE

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.