

The NewsLine

May 13, 2016

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GERMANY

Domestic demand humming

At 0.7% in the first quarter of 2016, the German economy recorded the strongest growth since the first quarter of 2014. With an increase of around 180,000, the number of people in work actually saw the steepest jump since early 2008. Although private consumption rose only moderately in the first three months of 2016, domestic demand is nonetheless the main driver of the upswing. Construction investment expanded exceptionally strongly, but machinery and equipment investment also seems to be getting back into stride. Given the outlays for refugees, government consumption also rose sharply.

However, reservations are still being expressed about whether the buoyant economy in Germany will continue. For instance, the Research Institutes in their spring report expect overall output over the rest of the year to expand appreciably more slowly than at the start of the year. The world economy was providing scant stimulus for the German economy. Beyond doubt, the soft global economy weighed on German export growth in the second half of last year and in early 2016 as well, but there are growing signs that export demand is gathering momentum again. In the first quarter of 2016 new orders from abroad were up by no less than 2%. From non-eurozone countries, which include important emerging markets for Germany, orders were actually up 2.6%. As a result we still see German exports rising by around 3% this year. Domestic demand is likely to increase by a good 2.5%. All told, we are sticking with our growth forecast of 2.2% for German gross domestic product in 2016. Over the rest of this year this implies quarterly growth rates of 0.5 - 0.7%.

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Together with its customers and sales partners, Allianz is one of the strongest financial communities. About 85 million private and corporate customers insured by Allianz rely on its knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks. In 2015, around 142,000 employees in over 70 countries achieved total revenues of 125.2 billion euros and an operating profit of 10.7 billion euros. Benefits for our customers reached 107.4 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

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