

The NewsLine

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GERMANY

Domestic economy picking up further

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As expected, the German economy notched up growth of 1.7% last year. The pattern was fairly steady. In the fourth quarter we expect to see German gross domestic product growth of 0.3%, as in the third quarter. The fact that the upswing did not gather pace in the second half of 2015 despite buoyant domestic demand was attributable to the slowdown in the emerging markets which weighed on exports from mid-year. In the course of 2016 we expect exports to provide more of a boost again and, together with brisk domestic demand, this will push up German economic growth to 2.2% this year.

Private consumer spending rose by a price-adjusted 1.9% last year, the highest increase since 2000. Government spending rose even more sharply (+2.8%), with additional outlays to cope with the influx of refugees also playing a role. This year government spending is likely to provide even more of a boost to demand. Upside factors for the domestic economy in 2016 include the renewed slide in the oil price, which is bolstering purchasing power further, and the acceleration in jobs growth seen in recent months. This suggests that the increase in private consumer spending in 2016 at 2.2% will actually be slightly higher than in 2015. On the export front we are cautiously optimistic. Foreign demand from eurozone countries is now on a clear upward path. Non-eurozone demand, which slumped in the third quarter of last year, is now showing signs of improvement. All told, exports are likely to increase by almost 4% in 2016.

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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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