

# The NewsLine

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## GERMANY

# Production remains on the uptrend

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In December 2017, output in industry, including energy and construction, fell by 0.6% on a seasonally and working day basis compared with November, but overall output increased by 0.7% in the fourth quarter of 2017 compared with the previous quarter. Production in December exceeded the previous year's level by 6.7%. In view of the very pronounced increase in industrial new orders in the third and fourth quarters of 2017, the upward trend in production is likely to continue throughout early 2018.

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It is somewhat surprising that output in the construction sector in the fourth quarter of 2017 has fallen again slightly in the second quarter in a row compared with the previous quarter. However, we do not believe that this is a turnaround in the construction sector's business cycle, but rather see this as an expression of the increasing importance of capacity bottlenecks that stand in the way of continuous production expansion.

Overall, the economic indicators continue to show a positive picture in the fourth quarter of 2017. The sustained strong employment growth, the significant decline in unemployment, rising order intake and high export growth are the positive factors. However, not too much impetus came from the retail trade in the fourth quarter, whose real sales remained at roughly the same level as in the third quarter. Real gross domestic product in the fourth quarter of 2017 is estimated to have increased by 0.5% compared with the previous quarter, slightly less than in the first three quarters of last year.

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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 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.3 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 a leading position in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

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