

The NewsLine

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MACROECONOMICS FINANCIAL MARKETS ECONOMIC POLICY SECTORS

GERMANY

Growth accelerates at start of year

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Having slipped marginally in the second half of 2015, industrial production looks set to have expanded appreciably in the first quarter of 2016. Both industry and construction clocked up substantial increases. On average total production in January and February was up 2% on the fourth quarter of 2015. Although March is likely to see a dip in production due to the early Easter break, this will not spoil the good overall result for the first quarter. Together with healthy activity in many services sectors, economic growth probably accelerated in early 2016. Compared with the previous quarter, German gross domestic product is likely to have increased by around 0.5% in the first quarter of 2016.

However, the development in industrial new orders, which largely stagnated in early 2016, shows that industrial activity is still not ticking over smoothly. The export engine in particular is spluttering, with growth in a number of key emerging markets still weak. As a result, the expansion in industrial output over the coming months is likely to be limited. On the construction side, the picture is different. Incoming orders and building permits point to further healthy expansion. All told, with real household incomes rising strongly, domestic demand is likely to continue to provide a hefty boost to the economy. There is no doubt that the upswing is set to continue.

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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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