

The NewsLine

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GERMANY

Ifo business climate points to strong second quarter growth

In contrast to the slight dip in the purchasing managers' index, the Ifo business climate index climbed to a new record level in July. In our experience, the Ifo index is an extremely reliable economic indicator. This suggests that the buoyant economic growth seen in the first quarter (+0.6% q-o-q) was maintained in the second quarter as well, particularly as hard economic indicators such as exports, retail sales and industrial production in the first two months of the second quarter also flag up dynamic business activity. We estimate seasonally-adjusted quarterly growth of 0.5 - 0.7% in the second quarter.

Particularly striking is the steep rise to an all-time high in the assessment of current conditions in the manufacturing sector since fall 2016, having previously practically stagnated for three years. It is also surprising that business expectations in manufacturing for the coming six months have improved although the rise in the euro tends to undermine industrial price competitiveness. The world economy is evidently providing a hefty boost. The fairly steep drop in the retailing business climate should not be overrated as monthly swings are the rule here and this sub-index remains at a high level. The breadth of the upswing is also reflected in the ongoing rise in the business climate in wholesaling and construction.

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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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