

UNCLASSIFIED
SAVING TELEGRAM

FROM BONN
FRAME ECONOMIC

TO FCO TELNO 04 SAVING OF 20 MARCH 1989. Info. Brussels,
Luxembourg, The Hague, Paris, Rome, UKRep Brussels,
UKDEL OECD, UKMis Geneva, all Consulates-General in the
Federal Republic and West Berlin, Washington, Tokyo,
Vienna.

FRG ECONOMY

SUMMARY

1. The release of Q4 1988 detailed statistics has caused many economists to revise upwards their forecast for economic growth this year. Consensus now building around 3% real GNP growth. Inflation and domestic consumption are worries, but investment and foreign trade are expected to provide the main impulses. (Para. 8)
2. Negotiations underway for the 1990 budget. Pressures increasing for more spending on measures to help refugees and asylum seekers. But the Federal Finance Minister has stressed the limitations on his room for manoeuvre. Supplementary budget to be introduced after Easter to cope with additional spending this year. (Para. 9)
3. Unemployment in February fell to 2.3 million (unadjusted) or 9%. Employment in January rose by 190,000 compared to the same month last year. Much of the improvement attributed to the mild winter weather. (Para. 10)
4. January business climate survey recorded a slight drop but confidence remains high. Factory gate price rises in the pipeline. New orders fell by 2.5% in January mainly due to slack foreign demand. But production increased by 1.5%, led by the continued strength of the capital goods sector. Construction output surged by 26.5%. (Paras. 11 to 14)
5. Inflation, cost of living index, in February confirmed at 2.6% for the second consecutive month. Month on month, the retail price index edged up by 0.3%. Private consumption remains uncertain but some slowdown expected. (Paras. 15 to 17)
6. Stock markets lost ground due to uncertainty over interest rates, but evidence of some recovery going into March. Pressure on interest rates eased as the Bundesbank made clear its intention to avoid any increase for the time being. Money supply (M3) accelerated in January above the target of "around 5%". (Paras. 18 to 21)
7. Provisional current account figures for January indicate a surplus of DM 10.8 billion compared with on DM 4.7 billion in January 1988. Long-term outflows on the capital account remained high. FRG/UK trade to the end of December 1988 recorded a surplus in favour of the FRG of DM 22.4 billion compared with DM 17.2 billion in 1987. (Paras. 22 to 25)

DETAIL

THE ECONOMY

8. Economists have begun to revise upwards their forecasts for growth this year as the release of detailed Q4 1988 statistics indicates a stronger than expected carry-over in crucial components. The continuing strength of exports and domestic investment are expected to provide the main impetus. In a Spring survey of 15,000 companies, the Association of German Chambers of Commerce forecast growth approaching 3% and the usually more pessimistic supply-side forecast of the Kiel institute has been revised to 2.9% growth of real GNP this year. But analysts continue to see danger in the rise of inflation and this, together with increases in consumer taxes, is expected to retard domestic consumption. The Hamburg institute forecast that private consumption would increase by only 2% in real terms. All the main industrial sectors are, however, reporting continued high investment plans from companies.

PUBLIC SPENDING

9. With negotiations for the 1990 budget well underway the Federal Finance Minister has been stressing the limits on the Government's ability to provide money for additional spending plans. A series of meetings involving spending Ministers and Finance Ministers of the Länder has taken place. But pressure is building on the Government to put additional resources into, social security and housing among other areas, in the wake of the coalition's poor showing at the polls in Berlin and Frankfurt. The Federal Construction Minister has called for Government assistance to enable 300,000 new dwellings to be completed this year. In the meantime, Stoltenberg has announced that he intends to introduce a supplementary budget after Easter, the second year in succession that he has had to take such action. The measure is needed to cover additional spending on a special university rebuilding programme, additional personnel costs associated with proposals for stricter export controls and higher expenditure caused by the continued inflow of asylum seekers and refugees, mainly from eastern Europe. The size of the supplementary budget is not yet known.

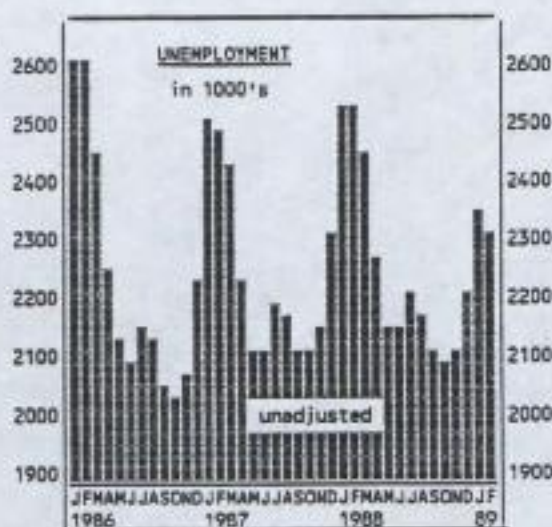
LABOUR AND SOCIAL AFFAIRS

10. The number of unemployed in February fell by 29,800 or 1% to 2,304,800 (unadjusted). In seasonally adjusted terms this represents the ninth consecutive monthly fall (Figs. 1 and 2). The unemployment rate eased from 9% to 8.9%. Compared to a year earlier unemployment has fallen by 211,700 or 8%. Franke, President of the Federal Labour Office, stated that the figures were further evidence of the continuing improvement on the labour market but cautioned that the exceptionally mild weather was overstating the improvement. Short-time working rose in February due to seasonal factors but was still 43% down on a year earlier while the number of vacancies at the end of the month was 23% higher. Employment figures are also encouraging with provisional January estimates showing a rise of 190,000 on a year earlier.

Fig.1

***** * FRG UNEMPLOYMENT * *****			
	Feb 88	Jan 89	Feb 89
a) Unemployment total ...	2,516,508	2,334,613	2,304,819
+ Rate (%)	(9.9%)	(9.0%)	(8.9%)
b) Adjusted total	2,244,000	2,078,000	2,051,000
c) Short-time working ...	350,321	170,804	199,364
d) Unfilled vacancies ...	174,015	196,246	215,655
e) Total men in a)	1,434,134	1,298,952	1,283,646
f) Total women in a)	1,082,374	1,035,661	1,021,173

Fig.2



BUSINESS CLIMATE

11. The latest Ifo survey of the mood within industry, covering January, shows a slight decline on the high levels recorded in recent months (Figs. 3 and 4). This is due mainly to a drop in the number of firms expecting further improvement in the coming six months and a more cautious view of export prospects for the next three months. Nevertheless, demand levels, reflected by new orders, remained high with output also rising. Production plans for the next three months indicate further expansion. On the negative side, reports of price increases have increased substantially with the upward trend in prices far more marked than a year ago. The retail sector reported an upturn in business compared to December with turnover rising in real terms. Returns from the capital goods sector suggest an acceleration in output over the coming months which should be particularly strong in the mechanical engineering sector. The electrical engineering sector remains optimistic on export prospects. The mood within the construction industry remains positive with capacity utilisation reaching 65% against only 58% a year earlier.

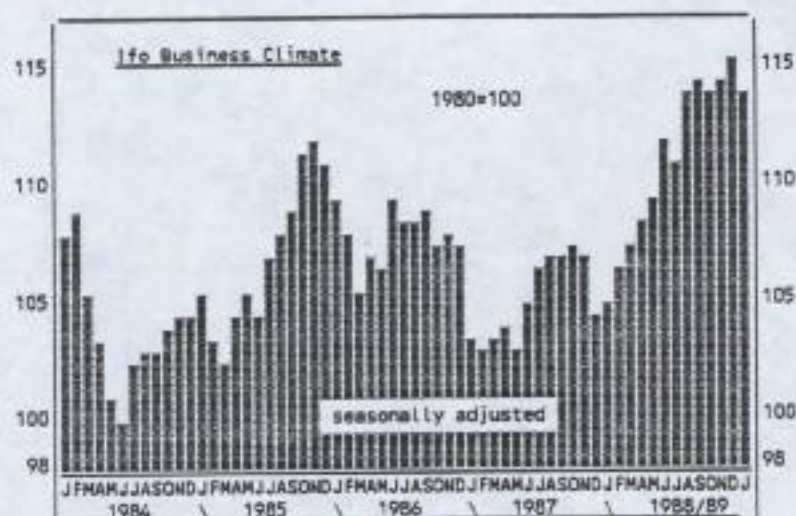
Fig.3

Ifo - BUSINESS CLIMATE							
1980=100	1984	1985	1986	1987	1988	1989	
January	107.7	104.9	109.2	102.9	104.6	113.6	
February	108.4	102.8	107.5	102.4	105.9		
March	105.2	102.2	105.1	103.0	107.0		
April	103.1	104.0	106.4	103.7	107.9		
May	100.3	104.9	106.0	102.9	108.9		
June	99.4	104.1	108.8	104.6	111.3		
July	102.2	106.7	108.0	106.1	110.4		
August	102.3	107.6	108.1	106.6	113.4		
September	102.5	108.4	108.5	106.3	114.1		
October	103.4	111.2	107.0	107.2	113.5		
November	104.0	111.3	107.3	106.7	114.0		
December	103.8	110.3	106.9	103.8	115.0		

Source: Ifo

Seasonally adjusted

Fig.4



NEW ORDERS

12. Following the strong rise recorded in December (+4.5%), provisional new order figures for January show a 2.5% decline in overall demand with domestic orders easing only marginally (-1%) while foreign orders dropped by 5.5% (Figs. 5 and 6). Capital goods demand fell off by 3%. However, the two-monthly comparison, December/January on October/November, illustrates the underlying strength of incoming orders showing a rise of 4% in total demand with domestic orders (+5.5%) gaining ground more rapidly than foreign orders (+2%). Overall demand for capital goods was up by 4%, while consumer goods orders climbed 4.5%. Compared to the corresponding period a year earlier overall demand was 12.7% higher in volume terms, with domestic demand up 13% and foreign demand 12.3% higher. Capital goods orders were an impressive 15.5% higher than a year earlier followed by consumer goods (+9.5%) and basic and producer goods (+9.2%).

Fig. 5

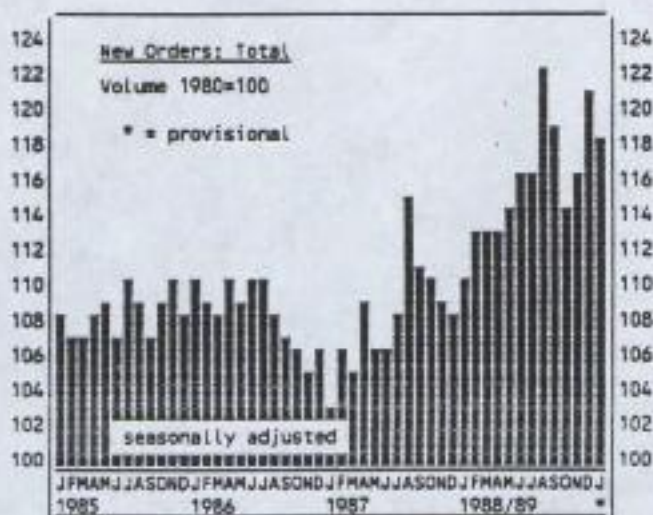
NEW ORDERS
1980=100

Seasonally adjusted

		Total		Domestic		Foreign	
	Value	Volume*	Value	Volume	Value	Volume	
	*****	*****	*****	*****	*****	*****	
1987 Nov	131	109	121	101	153	129	
Dec	129	108	117	98	155	129	
1988 Jan	132	110	122	102	154	129	
Nov	143	116	130	105	172	140	
Dec	150	121	136	110	179	145	
1989 Jan(p)	146	118	135	109	170	137	
Quarterly							
Q187	124	104	116	97	141	119	
Q287	127	107	117	99	147	124	
Q387	132	111	123	103	153	129	
Q487	131	109	120	100	154	129	
Q188	135	112	123	103	157	131	
Q288	138	114	126	105	164	136	
Q388	144	118	133	109	171	140	
Q488	145	117	131	106	174	141	

* = at constant prices
p = provisional

Fig. 6



PRODUCTION

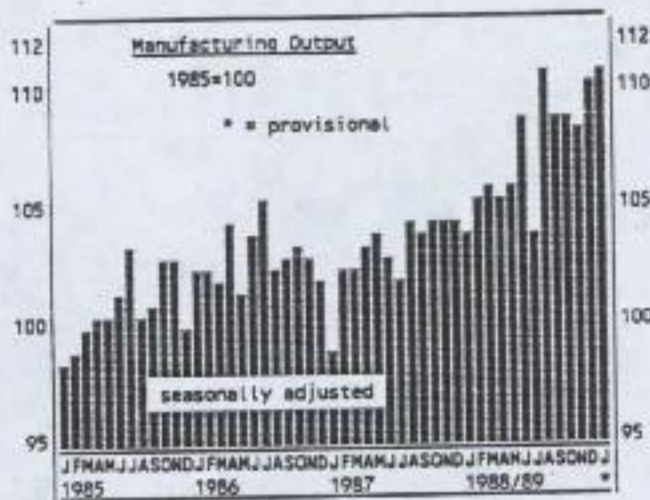
13. Output figures for January show a marked upturn on December, rising by 1.5% (Fig. 7). Manufacturing output (Fig. 8) rose by 0.5%. The two-monthly comparison, December/January on October/November, underlines the recent strength of the producing sector showing a rise in manufacturing output of 2%. Expansion has been led by capital goods (+2.5%) followed by basic and producer goods and consumer goods (both +1.5%). Compared to the corresponding two-month period a year earlier, overall manufacturing output was 6.5% higher with capital goods leading the way (+8.2%), followed by basic and producer goods (+7.4%) and consumer goods (+3.5%).

Fig. 2

		PRODUCTION 1985=100					
		Total	Manufacturing sector	Basic & producer goods	Capital goods	Consumer goods	Construction
		=====	=====	=====	=====	=====	=====
1987	Nov	103.9	104.0	101.3	106.0	103.8	108.6
	Dec	105.9	104.0	101.0	106.6	103.9	107.3
1988	Jan	104.6	104.1	103.6	104.1	106.0	128.7
	Nov	107.4	108.2	107.5	110.6	106.8	102.1
	Dec	109.2	110.1	110.2	111.3	109.6	106.5
1989	Jan*	110.8	110.7	108.5	115.5	106.7	134.8
<u>Quarterly</u>							
	Q187	100.8	100.9	96.8	103.1	102.3	94.7
	Q287	102.8	102.8	99.0	105.3	103.2	110.1
	Q387	103.2	103.1	100.4	104.8	103.9	111.2
	Q487	103.9	104.0	101.1	106.3	103.9	108.6
	Q188	105.0	105.0	103.6	106.1	105.9	115.9
	Q288	105.2	106.0	103.6	107.9	106.1	106.8
	Q388	107.0	107.8	106.8	110.0	106.3	105.3
	Q488	108.1	108.9	106.6	110.8	107.4	106.2

* = provisional

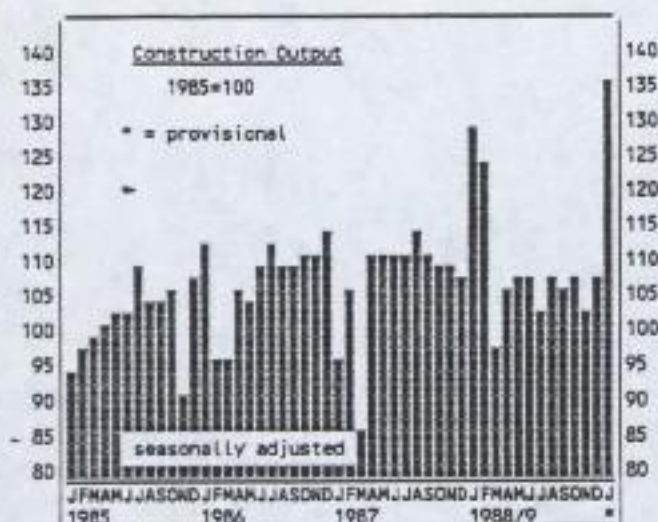
Figure 1



CONSTRUCTION

14. The exceptionally mild winter has again led to a surge in construction output (Fig. 9). Provisional January figures show a leap of 26.5% compared to December. The two-monthly comparison, December/January on October/November, also shows a marked increase in activity, up by 15%. Compared to the corresponding two-month period a year earlier output was 7.5% higher. Despite this impressive start to the year, the consensus opinion is that the growth in construction output over 1989 as a whole is likely to be lower than in 1988 at little more than 2%.

Fig. 9



PRICES

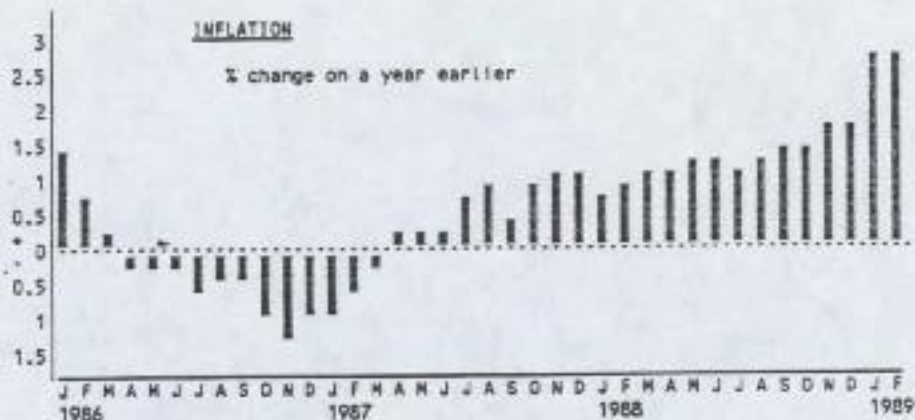
15. In February the annual rate of inflation, cost of living index, remained at 2.6% as in January. Month-on-month prices rose by 0.3%. The index excluding petroleum products was 2.1% up on a year earlier. Expectations for the year as a whole suggest average inflation of around 2.5% but some concern has already been expressed that the trend will remain upwards with inflation climbing to over 3% in 1990.

16. The retail price index in February rose by 0.3% on the previous month with the annual increase edging up to 1.6% after 1.5% in January. Other price indicators are for January. The year-on-year rise in wholesale prices accelerated to 5.1% after 3.5% in December. Industrial producer prices moved up 1% month-on-month with the annual increase climbing to 2.9% after 1.9% in December. Import prices rose sharply in January, up 2.2% on December with the annual rise jumping to 5.9% from 3.9%. The annual rise in export prices rose to 4% from 3.5% in December.

Fig. 10

		PRICES 1980=100				
	Cost of living	Industrial producer prices**	Agricultural producer prices	Retail prices	Import prices	Export prices
	*****	*****	*****	*****	*****	*****
1987 Dec	121.3	95.4	96.3	117.8	93.3	115.9
1988 Jan	121.5	95.4	95.0	118.0	93.5	116.3
Feb	121.8	95.4	95.2	118.3	93.8	116.4
Dec	123.3	97.2	99.3	119.0	96.9	120.0
1989 Jan	124.6	98.2		119.8	99.0	120.9
Feb	125.0			120.2		

Fig. 11



PRIVATE CONSUMPTION

17. This early in the year there is little conclusive evidence of the direction private consumption is taking. Retail trade turnover figures, the most readily available indicator, suggest a lively start to the year with nominal turnover in January rising by 6.4% on a year earlier, a rise in real terms of 4.2%. Demand was particularly strong in the motor vehicles sector closely followed by furniture and fittings. However, it is unlikely that this momentum can be maintained and most commentators have predicted a slowdown in private consumption growth over the year as a whole to between 2% and 2.5%. Much will depend on consumers' reaction to the increasing bite of tax increases and their resulting behaviour with regard to savings.

STOCK MARKETS

18. Concern about the possibility of higher interest rates contributed to German stock markets losing ground during the second half of February. All the main indices fell back sharply to their lowest levels this year (Figs. 12 to 14). But further indications of the continuing strength of economic activity together with a growing conviction that the Bundesbank was content for interest rates to remain at current levels for the time being, produced a return of confidence in equities. Activity was boosted further by renewed interest from foreign investors. Stock market indicators recorded further tentative improvements on 15 March.

19. The Association of German Stock Exchanges, the umbrella organisation for the eight stock markets, issued its annual report on 14 March. In a foreword to the report, the Federal Finance Minister charted the developments which have taken place on domestic financial markets in the past year which he stressed were intended to form the framework for strengthening Germany's position as a major European financial centre. The report went on to emphasise the importance of completing the reform of German financial markets - legislation to revise the Stock Exchange Act is currently before Parliament - to increase their competitiveness before 1992. A decisive step towards this would come with the opening of the new futures and options market expected by the end of the year.

Fig. 12

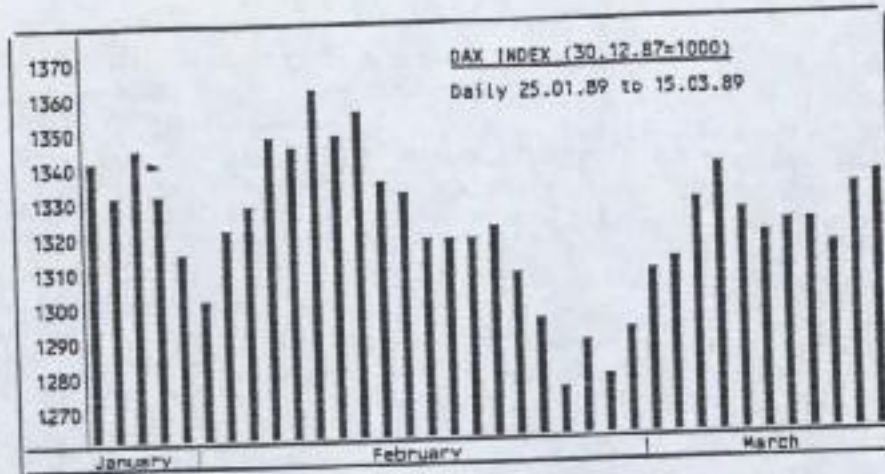


Fig. 13

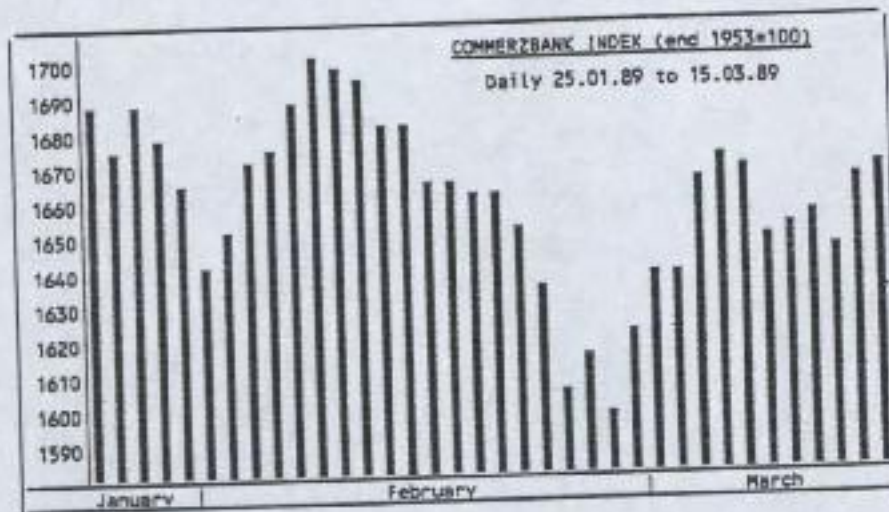
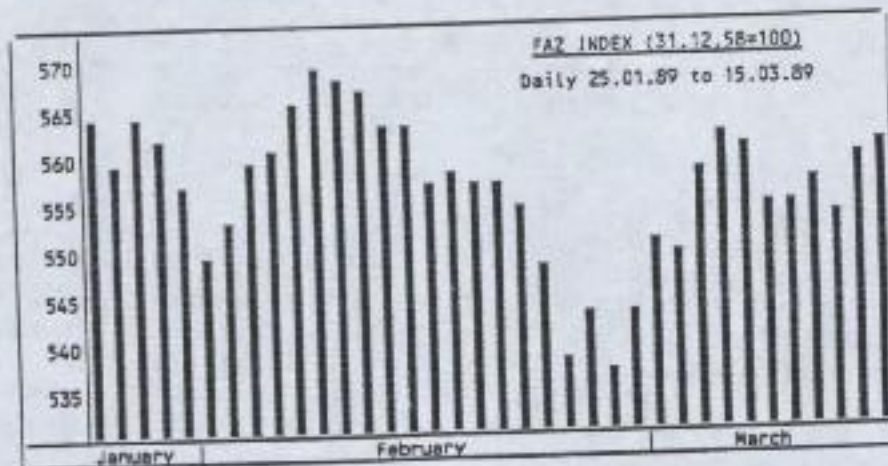


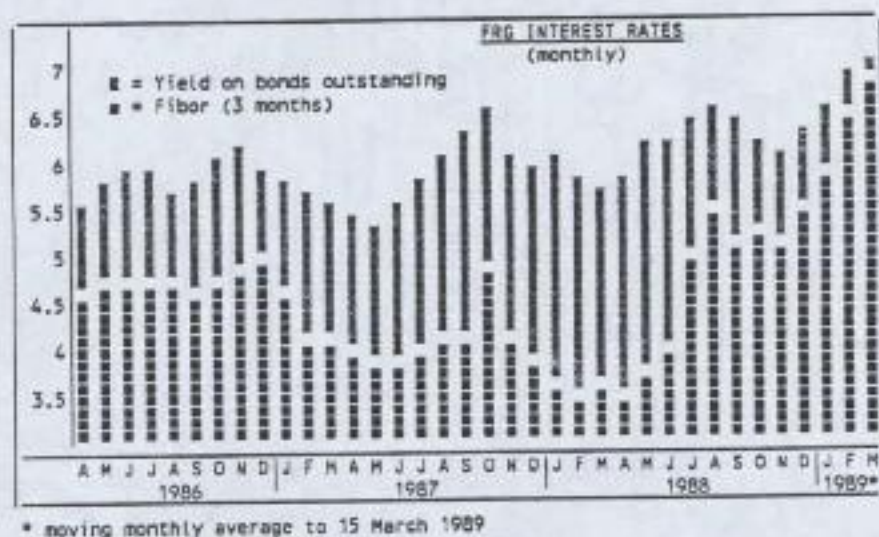
Fig. 14



INTEREST RATES

20. Pressure for higher interest rates eased in Frankfurt as the Bundesbank relaxed slightly its previously tight monetary stance. Despite intense speculation caused by higher rates internationally and higher domestic inflation, the Central Bank Council resisted the temptation to increase the formal Discount or Lombard Rates. The interest rates have remained stable at 4% (Discount) and 6% (Lombard) since 20 January 1989. Professors Schlesinger, Deputy President of the Bundesbank, and Gleske, the Director responsible for international monetary questions, dismissed suggestions that the Bundesbank favoured a more restrictive monetary policy. To underline the policy, at its most recent securities repurchase transactions the Bundesbank reverted to fixed rate tenders of 5.8%. Call money fell as a result below 6%. Having pushed up towards the 7% hurdle, three-month FIBOR eased slightly to stand at 6.7% on 15 March (Fig. 15). But confirmation of 2.6% inflation in February, the second consecutive month at this level, maintained pressure on long-term interest rates. Yields on bonds outstanding fluctuated around 7%. Market sentiment expects long-term interest rates to remain high.

fig.15



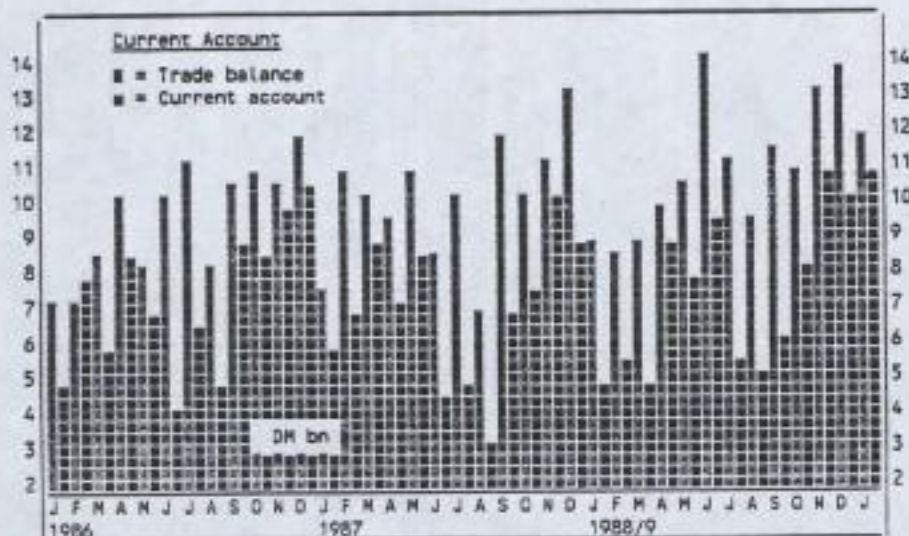
MONEY SUPPLY

21. Having slackened in December, money supply growth in January accelerated once more with strong public sector credit and low monetary capital formation pushing up M3 growth more than usual at the turn of the year. The December/January mean shows seasonally adjusted M3 growth of 6.8% at an annual rate, exceeding the average Q4 1988 level by 6.4%. M2 was 7.5% higher while M1 expanded by 11.5%. Overall private sector credit in January eased on December, as usual early in the year, although long-term lending continued to expand. Monetary capital formation which had been weak throughout 1988 was practically negligible in January - indeed in seasonally adjusted terms it actually declined, thus contributing to the strong rise in overall monetary growth.

CURRENT ACCOUNT

22. Deja vu! Provisional figures for January show a current account surplus of DM 10.8bn compared with only DM 4.7bn a year earlier and DM 10bn in December 1988 (Fig. 16). Special factors on the invisibles side which considerably reduced the traditional deficit in this area pushed up the overall surplus. Foreign trade figures show the visible trade surplus easing back from DM 13.5bn in December to DM 11.8bn in January, but this too is well up on a year earlier (DM 8.5bn). The statistics reveal a huge 39% year-on-year increase in both exports and imports, but these results are distorted by the low returns last year following the introduction of the Single Administrative Document. Taking December and January together and comparing the result with the preceding two-month period reveals a rise in exports of 3% while import levels were steady. On the invisibles side the deficit fell sharply from DM 3.6bn in December to DM 1bn in January, influenced by special factors as stated above. On the one hand capital transfer payments swung into surplus to the tune of DM 1.4bn while on the other the Federal Republic enjoyed rare net receipts from the EC totalling DM 0.7bn.

Fig.16

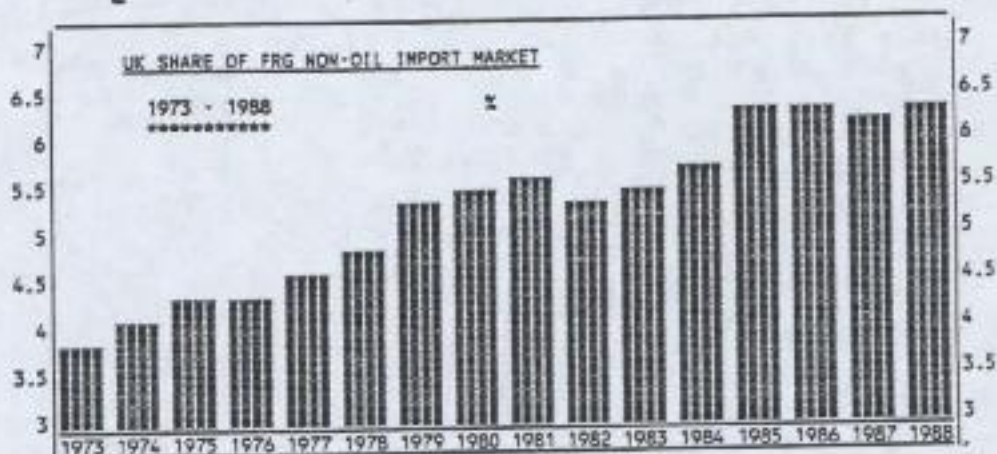


CAPITAL ACCOUNT

23. Long-term capital outflows in January remained at the high December level of DM 9bn. Domestic purchases of foreign securities surged further ahead, reaching a net value of DM 11.2bn after DM 8.7bn in December with the emphasis on DM-denominated foreign bonds (DM 4.1bn net) ahead of foreign currency bonds (DM 3.1bn). Foreign interest in German securities was weak with net outflows of DM 1.7bn - although foreign purchases of German shares totalled DM 1.1bn, this was outweighed by net sales of fixed-interest securities and debentures. On short term capital account there were inflows of DM 2.4bn.

25. In the twelve months to the end of December 1988 FRG imports from the UK totalled DM 30.5 billion, 6.9% of total FRG imports. In 1987 the market share had been 7.2%. While total FRG imports in 1988 rose by 7.4% over 1987, imports from the UK recorded a 3.6% increase. FRG oil imports from the UK fell by 24.9% year-on-year with the UK share of total oil imports falling to 26.5% from 32.7%. Excluding oil, total FRG imports rose by 8%, while non-oil imports from the UK were up by 9.8% so that the UK share of the non-oil import market edged up to 6.2% from 6.1% a year earlier (Fig. 17).

Fig.17



25. FRG exports to the UK in 1988 rose by 13.4% year-on-year against a rise of 7.7% in total FRG exports with the proportion of FRG exports destined for the UK climbing from 8.8% to 9.3%. The trade gap in favour of the FRG rose from DM 17.2 billion in 1987 to DM 22.4 billion in 1988.

MALLABY

FRAME ECONOMIC 189

WED

MA RATFORD

FRG STATISTICAL SUMMARY

	1987	1988	Change	Q4 87	Q3 88	Q4 88	N change on prev.	
							qtr/month	year
seasonally adjusted								
1. EXPENDITURE ON GNP								
(current prices)								
a) Gross National Product	2,020.0	2,128.8	5.4	514.8	534.8	539.4	0.9	4.8
b) Private consumption	1,112.0	1,158.4	4.2	283.6	289.5	291.7	0.8	2.9
c) Government consumption	397.2	409.7	3.1	100.4	103.7	103.4	-0.3	3.0
d) Fixed Capital Formation	389.3	416.6	7.0	99.2	104.5	105.2	0.7	6.0
- Machinery & Equipment	168.7	181.3	7.5	42.2	46.0	46.5	1.1	10.2
- Construction	220.6	235.3	6.7	57.0	58.5	58.7	0.3	3.0
e) Change in stocks	10.4	22.9		4.2	5.6	9.7		
f) Exports of goods & services	538.3	685.2	7.3	165.0	n.a	n.a	n.a	n.a
g) Imports of goods & services	527.2	563.9	7.0	137.6	n.a	n.a	n.a	n.a
h) Net exports	111.1	121.3		27.4	31.5	29.4		
DMbn								
2. EXPENDITURE ON GNP								
(constant prices)								
a) Gross National Product	1,643.2	1,699.4	3.4	416.8	427.3	428.2	0.2	2.7
b) Private consumption	924.7	949.9	2.7	235.1	237.1	238.1	0.4	1.3
c) Government consumption	328.3	334.2	1.8	82.7	84.2	83.9	-0.4	1.5
d) Fixed Capital Formation	331.3	349.1	5.4	84.0	87.2	87.5	0.3	4.2
- Machinery & Equipment	141.3	150.6	6.6	35.2	38.0	38.5	1.3	9.4
- Construction	190.0	198.5	4.5	48.8	49.2	49.0	-0.4	0.4
e) Change in stocks	9.9	20.5		3.9	5.4	8.8		
f) Exports of goods & services	550.2	578.5	5.1	141.5	n.a	n.a	n.a	n.a
g) Imports of goods & services	501.2	532.8	6.3	130.4	n.a	n.a	n.a	n.a
h) Net exports	49.0	45.7		11.1	13.4	9.9		
3. DISTRIBUTION OF NATIONAL INCOME								
a) National income	1,568.3	1,657.9	5.7	398.9	416.2	419.6	0.8	5.2
b) Gross wage & salary income	1,081.5	1,122.6	3.8	274.5	281.6	284.5	1.0	3.6
- as % of National income	69.0	67.7		68.8	67.7	67.8		
c) Gross entrepreneurial & property income	486.8	535.3	10.0	124.5	134.7	135.0	0.2	8.4
- as % of National income	31.0	32.3		31.2	32.4	32.2		
4. INCOME OF HOUSEHOLDS								
a) Gross wages & salaries	901.8	935.5	3.7	228.6	234.6	236.8	0.9	3.6
b) Disposable income	1,285.2	1,332.8	3.7	326.6	334.9	338.3	1.0	3.6
c) Savings as a % of b)								
1980=100								
5. PRODUCTIVITY								
a) In the economy as a whole								
i) GNP per working person (1980 prices)	112.1	115.3	2.9	113.6	115.8	115.9	0.1	2.0
ii) wage and salary costs per production unit	115.6	115.9	0.3	115.6	115.5	116.5	0.9	0.8
1985=100								
b) In industry								
i) output per employed person	101	105	4.0	102	106	107	0.9	4.9
ii) wage and salary costs per production unit	107	107	0.0	107	108	108	0.0	0.9
1980=100								
6. Industrial production								
a) Total	102.6	106.3	3.6	104.5	109.2	110.8	1.5	6.0
b) Manufacturing industry	102.7	106.9	4.1	103.6	110.1	110.7	0.5	6.9
i) Producer goods	99.3	105.7	6.4	103.6	110.2	108.5	-1.5	4.7
ii) Capital goods	105.0	108.7	3.5	104.1	111.3	115.5	3.8	11.0
iii) Consumer goods	103.3	106.4	3.0	106.0	109.6	106.7	-2.6	0.7
c) Construction	106.2	108.6	2.3	128.7	106.5	134.8	26.8	4.7
7. NEW ORDERS (volume)								
a) Total	108	116	7.4	110	121	118	-2.5	7.3
i) Capital goods	111	120	8.1	112	126	122	-3.2	8.9
ii) Consumer goods	101	106	5.0	105	109	108	-0.9	2.9
b) Domestic	100	106	6.0	102	110	109	-0.9	6.9
i) Capital goods	105	111	5.7	105	116	115	-0.9	9.5
ii) Consumer goods	95	99	4.2	98	102	100	-2.0	2.0
c) Foreign	125	137	9.6	129	145	137	-5.5	6.2
i) Capital goods	122	134	9.8	125	143	134	-6.3	7.2
ii) Consumer goods	137	148	8.0	143	152	153	0.7	7.0

	1987	1988	% change	Feb 88	Jan 89	Feb 89	% change on prev month	% change on prev year
8. UNEMPLOYMENT (1000's)								
a) i) Unemployed	2,228.8	2,236.7	0.4	2,516.5	2,334.6	2,304.8	-1.3	-1.3
ii) as a % of the working population	8.9	8.7		9.9	9.0	8.9		
b) Short-time workers	278.0	206.7	-25.6	350.3	170.8	199.4	16.7	-43.1
c) Vacancies	171.0	189.9	11.1	174.0	196.2	215.7	9.9	24.0
9. PRICES								
1980=100								
a) Cost of living of all private households	121.0	122.4	1.2	121.8	124.6	125.0	0.3	2.6
b) Retail prices	117.8	118.5	0.6	118.3	119.8	120.2	0.3	1.6
c) Wholesale prices	117.8	118.5	0.6	104.5	108.0	109.8	1.7	5.1
d) Producer prices of industrial products	95.1	96.3	1.3	95.4	97.2	98.2	1.0	2.9
e) Export prices	115.5	118.3	2.4	116.3	120.0	121.0	0.8	4.0
f) Import prices	94.4	95.2	0.8	93.5	96.9	99.0	2.2	5.9
10. BALANCE OF PAYMENTS								
a) Visible trade								
i) exports	527.4	567.8	7.7	36.3	55.1	50.4	-8.5	38.8
ii) imports	409.6	439.8	7.4	27.8	41.6	38.6	-7.2	38.8
iii) balance	117.8	128.0		8.5	13.5	11.8		
b) Supplementary trade items	-1.5	-1.7		0.3	0.1	0.0		
c) Services	-7.1	-10.5		-1.9	-0.9	0.4		
d) Transfers	-28.3	-30.8		-2.1	-2.7	-1.4		
e) Current account	80.9	85.0		4.8	10.0	10.8		
11. NET FOREIGN RESERVES (+/-)								
	31.9	-32.5		4.0	-3.8	-3.8		
12. Money Stock (change in year/month)								
M1	27.0	40.8		-1.6	1.2	2.2		
M2	35.5	49.5		2.0	6.9	3.5		
M3	62.6	76.1		3.7	8.3	2.5		
13. MONETARY CAPITAL FORMATION								
	70.7	42.6		12.7	3.9	5.5		
14. INTEREST RATES								
a) Yield on bonds outstanding (public sector) (Npa)	5.8	6.1		5.7	6.5	6.9		
b) Bank Rates: (previous level)								
Since 20.01.89 Discount Rate:	4.0	(3.5)						
Since 20.01.89 Lombard Rate:	6.0	(5.5)						
15. FRG/UK TRADE								
a) FRG imports from UK	29,393.6	30,460.8	3.6	2,522.1	2,566.1	2,849.1	11.0	13.0
- UK share of total								
b) FRG exports to UK	46,632.4	52,873.1	13.4	4,056.2	4,867.3	4,826.4	-0.8	19.0
- UK share of total								
c) FRG/UK Trade Balance (FRG deficit: -)	17,238.8	22,412.3		1,534.1	2,301.2	1,977.3		
16. EXCHANGE RATES								
a) DM/£	2.941	3.124	6.2	2.982	3.253	3.248	-0.2	8.9
b) DM/\$	1.798	1.759	-2.2	1.6976	1.8304	1.8523	1.2	9.1
c) DM/YEN	1.2436	1.3707	10.2	1.3135	1.4408	1.4501	0.6	10.4

Sources: Federal Statistical Office, Wiesbaden
Deutsche Bundesbank, Frankfurt
Discrepancies in totals due to rounding 114/28/2

FRG: DETAILED STATISTICAL ANNEX

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Table

Gross National Product (Real)	1a
Gross National Product (Nominal)	1b
Income of Households	1c
Productivity	2a
Industrial Production	2b
New Orders	2c
Labour Market	3
Prices	4a/b
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Exchange & Interest Rates	6
Current Account	7
Economic Forecasts	8
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Economic Section
British Embassy, Bonn

Date: 17/03/89

Table 1a

FRG - EXPENDITURE ON GNP (Real)

Values in DM million (1980 prices)

	GNP ---	Private Consumption -----	Gov't Consumption -----	Capital Formation Mach. & Buildings Eqpt -----	Change in Stocks -----	Net Exports -----	Exports (of goods & services) -----	Imports (of goods & services) -----
<u>Annual</u>								
1981	1,485,300	836,380	303,290	121,810	197,880	-10,700	36,640	420,090
1982	1,471,000	825,230	300,740	113,590	189,290	-9,600	51,750	419,700
1983	1,498,900	839,600	301,440	119,900	192,540	-1,500	46,920	422,090
1984	1,548,100	852,290	308,820	119,360	195,540	5,500	66,590	444,520
1985	1,578,100	863,980	315,310	130,530	184,550	-900	84,630	461,110
1986	1,614,700	893,390	323,210	135,850	189,550	4,500	68,200	477,680
1987	1,643,200	924,720	328,280	141,300	189,990	9,900	49,010	501,200
1988	1,699,400	949,890	334,160	150,570	198,500	20,530	45,750	532,760
<u>Quarterly</u>								
1985 Q2	387,200	211,310	77,010	30,690	50,050	-3,800	21,940	135,020
Q3	402,700	214,870	77,800	30,790	52,540	9,600	17,100	136,050
Q4	412,400	234,880	85,030	41,430	48,530	-23,500	26,030	140,280
1986 Q1	381,000	208,240	77,080	28,770	53,440	13,600	19,870	132,960
Q2	400,100	221,710	79,510	33,830	51,410	-1,200	14,840	137,810
Q3	411,400	221,880	80,400	31,610	53,450	11,400	12,660	133,710
Q4	422,200	241,560	86,220	41,640	51,250	-19,300	20,830	141,400
1987 Q1	389,300	214,560	79,030	30,600	52,510	20,400	12,200	132,670
Q2	403,200	228,330	80,240	34,010	51,630	-2,400	11,390	135,310
Q3	418,200	229,720	81,210	33,780	54,450	11,300	7,740	134,840
Q4	432,500	252,110	87,800	42,910	51,400	-19,400	17,680	147,390
1988 Q1	406,100	224,470	80,320	...	39,280	...	8,240	...
Q2	417,000	232,450	81,960	...	53,640	...	10,630	...
Q3	432,300	234,020	82,750	...	54,890	...	7,490	...

Source: Federal Statistical Office, Wiesbaden

... = not released

Table 1a (cont)

FRG - EXPENDITURE ON GNP (Real)

% CHANGE ON A YEAR EARLIER (real)

	GNP	Private Consumption	Gov't Consumption	Fixed Capital Formation	of which:	Mach. & Eq't	Buildings	Exports (of goods & services)	Imports (services)
	---	-----	-----	-----		-----	-----	-----	-----
<u>Annual</u>									
1980	1.5	1.2	2.6	2.8		2.6	2.9	5.3	3.7
1981	0.0	-0.5	1.8	-4.8		-4.3	-5.1	8.2	-1.2
1982	-1.0	-1.3	-0.8	-5.3		-6.7	-4.3	3.2	-0.1
1983	1.9	1.7	0.2	3.1		5.5	1.7	-0.5	0.6
1984	3.3	1.5	2.4	0.8		-0.5	1.6	9.0	5.3
1985	1.9	1.4	2.1	0.1		9.4	-5.6	6.8	3.7
1986	2.3	3.4	2.5	3.3		4.1	2.7	0.0	3.6
1987	1.8	3.5	1.6	1.8		4.0	0.2	0.8	4.9
1988	3.4	2.7	1.8	5.4		6.6	4.5	5.1	6.3
<u>Quarterly</u>									
1985 Q3	2.9	2.5	3.0	1.4		3.8	0.0	9.0	4.3
Q4	1.7	2.5	2.5	1.2		8.3	-4.2	1.1	3.3
1986 Q1	1.4	2.6	2.1	1.9		4.2	0.0	-1.1	-1.5
Q2	3.3	4.9	3.2	5.6		10.2	2.7	2.1	8.7
Q3	2.2	3.3	3.3	2.1		2.7	1.7	-1.7	1.8
Q4	2.4	2.8	1.4	3.3		0.5	5.6	0.8	5.5
1987 Q1	2.2	3.0	2.5	1.4		6.4	-2.8	-0.2	6.5
Q2	0.8	3.0	0.9	0.5		0.5	0.4	-1.8	0.8
Q3	1.7	3.5	1.0	3.7		6.9	1.9	0.8	5.0
Q4	2.4	4.4	1.8	1.5		3.0	0.3	4.2	7.6
1988 Q1	4.3	4.6	1.6	...		...	20.8	...	...
Q2	3.4	1.8	2.1	...		...	3.9	...	...
Q3	3.4	1.9	1.9	...		...	0.8	...	...

Source: Federal Statistical Office, Wiesbaden

... = not released

Table 1b

FRG - EXPENDITURE ON GNP (Nominal)

Values in DM million (Current prices)

	GNP ===	Private Consumption =====	Gov't Consumption =====	Capital Formation Mach. & Buildings Eq't =====	Change in Stocks =====	Net Exports =====	Exports (of goods & services) =====	Imports (of goods & services) =====
<u>Annual</u>								
1981	1,545,100	887,850	318,160	127,650	207,590	-11,400	15,250	482,110
1982	1,597,100	918,050	326,190	124,900	201,990	-11,500	37,470	517,540
1983	1,680,400	964,160	336,210	135,600	208,220	-1,800	38,010	524,830
1984	1,769,900	1,003,570	350,230	137,580	217,050	6,600	54,870	590,780
1985	1,844,300	1,038,340	365,660	153,850	206,950	-700	80,200	647,480
1986	1,945,200	1,068,610	382,590	161,380	216,010	2,100	114,510	638,180
1987	2,020,100	1,112,030	397,180	168,670	220,600	10,500	111,120	638,310
1988	2,128,900	1,158,400	409,690	181,290	235,250	22,940	121,330	685,210
<u>Quarterly</u>								
1985 Q2	446,600	254,900	85,210	36,250	55,870	-4,900	19,270	160,780
Q3	468,900	258,600	87,720	36,400	58,820	11,100	16,260	162,030
Q4	498,400	281,570	109,560	48,830	54,620	-25,700	29,520	166,380
1986 Q1	449,200	250,290	86,390	34,030	38,140	15,700	24,650	156,600
Q2	475,600	265,130	90,380	40,250	58,340	-4,500	26,000	161,340
Q3	494,000	265,710	92,730	37,590	60,840	10,500	26,630	155,880
Q4	526,400	287,480	113,090	49,510	58,690	-19,600	37,230	164,360
1987 Q1	472,800	256,700	89,310	36,340	37,840	24,400	28,210	153,220
Q2	490,700	275,570	94,150	40,530	59,730	-5,500	26,220	156,240
Q3	509,700	277,110	95,850	40,470	63,110	11,700	21,460	156,750
Q4	546,900	302,650	117,870	51,330	59,920	-20,100	35,230	172,100
1988 Q1	500,700	271,420	92,860	...	46,230	...	26,600	...
Q2	516,500	284,130	96,550	...	63,160	...	29,660	...
Q3	537,000	286,350	99,100	...	65,010	...	24,960	...

Source: Federal Statistical Office, Wiesbaden

... = not released

Table 1b (cont)

FRG - EXPENDITURE ON GNP (Nominal)

% CHANGE ON A YEAR EARLIER (nominal)

	GNP	Private Consumption	Gov't Consumption	Fixed Capital Formation	of which:	Mach.& Eq't	Buildings	Exports (of goods & services)	Imports
	---	-----	-----	-----		-----	-----	-----	-----
<u>Annual</u>									
1980	6.3	7.1	8.9	10.7		7.0	13.0	11.9	16.2
1981	4.0	5.6	6.8	-0.2		0.2	-0.4	14.2	9.8
1982	3.4	3.4	2.5	-2.5		-2.2	-2.7	7.3	2.8
1983	5.2	5.0	3.1	5.3		8.7	3.2	1.4	1.4
1984	5.3	4.1	4.2	3.1		1.5	4.2	12.6	10.1
1985	4.2	3.5	4.4	1.7		11.8	-4.7	9.6	5.9
1986	5.5	2.9	4.6	4.6		4.9	4.4	-1.4	-7.7
1987	3.9	4.1	3.8	3.1		4.5	2.1	0.0	0.7
1988	5.4	4.2	3.1	7.0		7.5	6.6	7.3	7.0
<u>Quarterly</u>									
1985 Q3	5.4	4.6	5.5	2.8		6.4	0.7	12.1	6.1
Q4	4.3	4.0	3.9	2.6		9.8	-3.1	2.4	0.9
1986 Q1	4.4	2.9	3.9	3.1		5.1	1.3	-1.1	-7.8
Q2	6.5	4.0	6.1	7.0		11.0	4.4	0.3	-4.4
Q3	5.4	2.7	5.7	3.4		3.3	3.4	-3.8	-11.3
Q4	5.6	2.1	3.2	4.6		1.4	7.5	-1.2	-7.1
1987 Q1	5.3	2.6	3.4	2.8		6.8	-0.8	-2.2	-5.3
Q2	3.2	3.9	4.2	1.7		0.7	2.4	-3.2	-3.9
Q3	3.2	4.3	3.4	5.2		7.7	3.7	0.6	4.7
Q4	3.9	5.3	4.2	2.8		3.7	2.1	4.7	7.7
1988 Q1	5.9	5.7	3.8	...		...	22.2	...	...
Q2	5.3	3.1	2.5	...		...	5.7	...	...
Q3	5.4	3.3	3.4	...		...	3.0	...	...

Source: Federal Statistical Office, Wiesbaden ... = not released

Table 1c

	INCOME OF HOUSEHOLDS			
	Gross Wages & Salaries DM bn	Disposable Income DM bn	Savings Ratio %	Average Earnings* 1985=100
<u>Annual</u>				
1984	796.7	1,150.5	12.8	96
1985	826.5	1,192.3	12.7	100
1986	867.7	1,246.3	13.4	105
1987	900.9	1,292.6	13.4	110
1988	935.5	1,332.8	13.4	114
<u>Quarterly</u>				
1985 Q2	204.9	296.0	12.9	99
Q3	207.3	298.5	12.2	100
Q4	210.0	301.1	12.5	102
1986 Q1	213.4	304.3	13.6	104
Q2	215.7	307.1	12.8	104
Q3	218.5	311.6	13.7	105
Q4	220.0	311.9	13.8	107
1987 Q1	221.1	314.9	14.3	108
Q2	225.5	320.3	13.1	110
Q3	226.6	323.4	13.3	111
Q4	228.6	326.6	13.2	112
1988 Q1	231.7	328.4	13.0	112
Q2	232.4	331.2	13.4	114
Q3	234.6	334.9	13.5	115
Q4	236.8	338.3	13.8	117

* = wages & salaries per man-hour

Source: Deutsche Bundesbank (Reihe 4)

Table 2a

PRODUCTIVITY

	(a) IN THE ECONOMY AS A WHOLE		(b) IN INDUSTRY	
	GNP per working person	Wage & Salary costs per production unit	Output per employed person	Wage & Salary costs per production unit
<u>Annual</u>	<u>1980=100</u>		<u>1985=100</u>	
1984	108.2	108.7	97	100
1985	109.6	110.6	100	100
1986	111.2	113.3	101	104
1987	112.3	115.4	101	107
1988	115.3	115.9	105	107
<u>Quarterly</u>				
1987 Q1	110.6	114.9	99	107
Q2	111.3	116.5	101	106
Q3	112.8	115.4	101	107
Q4	113.6	115.6	102	107
1988 Q1	114.9	115.4	103	107
Q2	114.6	116.0	104	107
Q3	115.8	115.5	106	106
Q4	115.9	116.5	106	107
<u>Monthly</u>				
1987 May			101	106
Jun			100	108
Jul			99	109
Aug			102	106
Sep			101	107
Oct			102	107
Nov			102	108
Dec			102	107
1988 Jan			102	107
Feb			103	107
Mar			104	107
Apr			104	108
May			103	107
Jun			106	106
Jul			101	111
Aug			109	102
Sep			107	105
Oct			105	107
Nov			106	108
Dec			107	108

Source: Deutsche Bundesbank

* = provisional

Table 2b INDUSTRIAL PRODUCTION

	INDUSTRIAL PRODUCTION		
	Total	Manufacturing 1985=100	Construction
<u>Annual</u>			
1984	96.5	95.5	108.6
1985	100.0	100.0	100.0
1986	102.4	102.5	106.4
1987	102.6	102.7	106.2
1988	106.3	106.9	108.1
<u>Quarterly</u>			
1987 Q1	100.8	100.9	94.7
Q2	102.8	102.8	110.1
Q3	103.2	103.1	111.2
Q4	103.9	104.0	108.6
1988 Q1	105.0	105.0	115.9
Q2	105.2	105.9	106.3
Q3	107.0	107.8	105.3
Q4	108.1	108.9	106.2
<u>Monthly</u>			
1987 Mar	100.9	101.0	85.4
Apr	102.8	103.0	110.0
May	103.4	103.3	110.0
Jun	102.8	102.3	110.3
Jul	101.9	101.7	109.8
Aug	104.4	104.2	112.7
Sep	103.3	103.5	110.8
Oct	103.8	104.0	108.6
Nov	103.9	104.1	108.6
Dec	103.8	104.2	107.3
1988 Jan	104.5	103.6	128.7
Feb	105.5	105.1	123.7
Mar	104.8	105.5	96.6
Apr	104.1	104.8	104.7
May	104.4	105.4	107.4
Jun	107.4	108.3	107.1
Jul	103.4	103.6	101.8
Aug	109.0	110.6	107.0
Sep	107.8	108.7	104.4
Oct	107.6	108.5	107.4
Nov	107.4	108.2	102.1
Dec	109.2	110.1	106.5
1989 Jan*	110.8	110.7	134.8

Source: Deutsche Bundesbank

* = provisional

Table 2c NEW ORDERS

	NEW ORDERS (Volume)		
	Total	Domestic 1980=100	Foreign
	103	95	119
	109	99	128
	108	101	123
	108	100	125
	116	106	137
	104	97	119
	107	99	124
	111	103	129
	109	100	129
	112	103	131
	114	105	136
	118	109	140
	117	106	141
	105	98	119
	109	100	126
	106	99	122
	106	98	125
	108	100	125
	115	108	129
	111	101	131
	110	101	129
	109	101	129
	108	98	129
	110	102	129
	113	103	132
	113	103	134
	113	103	134
	114	104	136
	116	106	137
	116	109	134
	122	111	145
	119	108	141
	114	103	137
	116	105	140
	121	110	145
	118	109	137

Table 3

LABOUR MARKET (Details)

SEASONALLY ADJUSTED (1000's)			UNADJUSTED (actual totals)					
(a) Employment	(b) Unemployed	(c) Rate %	(d) Unemployed	(e) Rate %	(f) Short-time workers	(g) Unfilled Vacancies	(h) Total men in (d)	(i) Total Women in (d)
Annual								
1981			1,271,574	5.5	346,859	207,928	652,205	619,369
1982			1,833,244	7.5	606,064	104,871	1,021,090	812,154
1983			2,258,235	9.1	675,102	75,797	1,273,115	985,120
1984			2,265,559	9.1	383,700	87,929	1,276,653	988,906
1985			2,304,014	9.3	234,515	109,996	1,289,055	1,014,959
1986			2,228,000	9.0	197,384	154,790	1,200,000	1,028,000
1987			2,228,800	8.9	277,967	170,983	1,207,400	1,021,400
1988			2,236,650	8.7	206,735	189,883	1,195,620	1,041,030
Monthly								
1987 Jan	25,941	2,204	8.9	2,497,176	10.0	427,496	150,046	1,451,015
Feb	25,947	2,200	8.8	2,487,818	10.0	382,173	164,784	1,453,923
Mar	25,956	2,224	8.8	2,412,379	9.6	462,002	180,047	1,395,975
Apr	25,971	2,221	8.8	2,215,916	8.8	301,861	179,239	1,216,281
May	25,985	2,215	8.8	2,098,690	8.3	221,734	180,968	1,120,353
Jun	25,991	2,232	8.9	2,096,918	8.3	184,012	182,169	1,107,235
Jul	25,999	2,241	8.9	2,175,827	8.7	215,705	180,252	1,133,431
Aug	25,999	2,243	8.9	2,164,618	8.6	175,094	177,425	1,119,201
Sep	26,002	2,247	9.0	2,107,122	8.4	253,098	180,080	1,082,417
Oct	26,006	2,244	9.0	2,092,725	8.3	288,554	171,063	1,071,974
Nov	26,016	2,239	8.9	2,133,061	8.5	204,773	157,127	1,106,500
Dec	26,032	2,259	9.0	2,308,230	9.2	218,298	148,284	1,255,775
1988 Jan	26,054	2,244	8.7	2,518,675	9.9	309,988	161,300	1,426,913
Feb	26,072	2,244	8.7	2,516,508	9.9	350,321	174,015	1,434,134
Mar	26,079	2,247	8.8	2,440,098	9.6	423,597	189,668	1,382,237
Apr	26,095	2,264	8.9	2,261,672	8.9	260,848	193,065	1,218,789
May	26,110	2,266	8.9	2,149,131	8.4	198,098	196,158	1,131,951
Jun	26,128	2,264	8.9	2,131,406	8.4	190,002	201,157	1,110,602
Jul	26,141	2,261	8.9	2,199,266	8.6	159,300	199,276	1,135,860
Aug	26,153	2,246	8.8	2,167,109	8.5	133,386	199,759	1,112,339
Sep	26,162	2,239	8.7	2,099,863	8.1	154,630	204,079	1,073,877
Oct	26,172	2,223	8.6	2,074,346	8.0	98,109	196,406	1,057,811
Nov	26,187	2,195	8.5	2,091,231	8.1	94,408	185,138	1,082,872
Dec	26,219	2,140	8.3	2,190,496	8.5	108,130	178,572	1,180,055
1989 Jan		2,078	8.0	2,334,613	9.0	170,804	196,246	1,298,952
Feb		2,051		2,304,819	8.9	199,364	215,655	1,283,646

Source: Bundesanstalt für Arbeit
Deutsche Bundesbank

Table 4a

PRICES

1980=100

	Cost of Living	Retail Prices	Producer Prices of Industrial products	Export Prices	Import Prices
<u>Annual</u>					
1984	118.4	115.6	97.8	116.2	122.8
1985	121.0	117.5	100.0	119.4	124.6
1986	120.7	117.3	97.5	116.8	101.0
1987	121.0	117.8	95.1	115.5	94.4
1988	122.4	118.5	96.3	118.3	95.2
<u>Monthly</u>					
1987 Jan	120.6	117.5	95.2	115.0	94.4
Feb	120.7	117.7	94.9	115.0	93.7
Mar	120.7	117.7	94.9	115.1	93.9
Apr	121.0	117.9	94.6	115.2	94.2
May	121.1	118.2	94.7	115.4	94.4
Jun	121.3	118.2	94.8	115.5	94.9
Jul	121.3	118.0	95.1	115.7	95.3
Aug	121.2	117.8	95.2	115.8	95.5
Sep	120.9	117.5	95.1	115.8	94.9
Oct	121.1	117.6	95.4	116.0	95.1
Nov	121.1	117.6	95.4	115.9	93.6
Dec	121.3	117.8	95.4	115.9	93.3
1988 Jan	121.5	118.0	95.4	116.3	93.5
Feb	121.8	118.3	95.4	116.4	93.8
Mar	121.9	118.2	95.5	116.8	93.6
Apr	122.2	118.6	95.8	117.4	94.1
May	122.4	118.7	96.0	117.8	94.6
Jun	122.6	119.0	96.3	118.4	95.5
Jul	122.5	118.6	96.4	118.9	96.2
Aug	122.6	118.4	96.5	119.1	96.7
Sep	122.6	118.3	96.7	119.4	96.1
Oct	122.7	118.4	96.8	119.7	95.8
Nov	123.0	118.7	97.0	119.7	95.6
Dec	123.3	119.0	97.2	120.0	96.9
1989 Jan	124.6	119.8	98.2	120.9	99.0
Feb	125.0	120.2			

* = provisional

Source: Federal Statistical Office, Wiesbaden

the

Table 4b

PRICES

(% change on a year earlier)

	Cost of Living	Retail Prices	Producer Prices of Industrial products	Export Prices	Import Prices
<u>Annual</u>					
1983	3.3	2.4	1.5	1.7	-0.3
1984	2.4	2.1	2.9	3.5	6.0
1985	2.2	1.6	2.2	2.8	1.5
1986	-0.2	-0.2	-2.5	-2.2	-18.9
1987	0.2	0.4	-2.5	-1.1	-6.5
1988	1.2	0.6	1.3	2.4	0.8
<u>Monthly</u>					
1987 Jan	-0.8	-0.3	-4.7	-3.0	-17.8
Feb	-0.5	-0.1	-4.5	-2.5	-15.6
Mar	-0.2	0.1	-4.2	-2.4	-12.1
Apr	0.1	0.2	-3.9	-2.0	-9.8
May	0.2	0.4	-3.4	-1.7	-7.7
Jun	0.2	0.4	-3.3	-1.4	-6.9
Jul	0.7	0.7	-2.3	-0.8	-1.3
Aug	0.8	0.8	-2.0	-0.3	-0.4
Sep	0.4	0.5	-2.1	-0.3	-1.8
Oct	0.9	0.8	-0.3	0.3	0.4
Nov	1.0	0.7	0.0	0.4	-1.1
Dec	1.0	0.8	0.1	0.5	-1.2
1988 Jan	0.7	0.4	0.2	1.1	-1.0
Feb	0.9	0.4	0.5	1.2	0.1
Mar	1.0	0.4	0.6	1.5	-0.3
Apr	1.0	0.6	1.3	1.9	-0.1
May	1.1	0.4	1.4	2.1	0.2
Jun	1.1	0.7	1.6	2.5	0.6
Jul	1.0	0.5	1.4	2.8	0.9
Aug	1.2	0.5	1.4	2.8	1.3
Sep	1.4	0.7	1.7	3.1	1.3
Oct	1.3	0.7	1.5	3.2	0.6
Nov	1.6	0.9	1.7	3.3	2.1
Dec	1.6	1.0	1.9	3.5	3.9
1989 Jan	2.6	1.5	2.9	4.0	5.5
Feb	2.6	1.6			

* = provisional

Source: Federal Statistical Office, Wiesbaden

Table 5

MONETARY AGGREGATES

	Central Bank Money	of which Currency in circulation % change	Required Minimum Reserves on domestic liabilities on previous year	M1	M2 % change	M3	Monetary Capital Formation DM million
<u>Annual</u>							
1984	4.8	5.3	4.3	6.2	5.2	4.7	69,734
1985	4.6	3.6	5.6	4.9	4.4	5.0	74,988
1986	6.4	6.7	6.1	7.4	5.9	6.6	69,833
1987	8.1	9.4	6.7	7.4	5.7	5.9	70,723
1988	8.2	11.5	4.8				
<u>Monthly</u>							
1987 Jan	9.1	9.7	8.4	7.8	10.1	9.5	8,084
Feb	8.3	8.4	8.2	8.7	8.9	8.6	7,645
Mar	8.1	9.0	7.1	8.2	7.5	7.8	8,219
Apr	8.0	9.5	6.6	9.4	7.0	7.3	1,023
May	7.9	9.3	6.6	8.9	6.3	6.7	9,337
Jun	7.9	10.4	5.4	10.7	6.8	7.1	2,017
Jul	7.8	10.0	5.7	10.6	3.3	4.9	1,162
Aug	7.8	10.4	5.1	11.8	4.2	5.4	7,222
Sep	8.2	9.9	6.4	11.0	4.2	5.3	5,785
Oct	7.6	10.6	4.7	9.0	4.6	5.3	1,341
Nov	8.2	11.5	4.9	8.1	4.5	5.1	6,238
Dec	8.5	10.4	6.6	4.9	5.1	5.2	12,650
1988 Jan	7.8	12.0	3.6	6.8	7.8	6.7	7,073
Feb	9.0	13.0	4.9	9.8	7.2	6.8	281
Mar	9.0	13.4	4.6	9.5	7.4	6.9	3,294
Apr	8.4	12.1	4.7	10.9	7.3	7.4	2,530
May	8.3	11.6	4.9	12.0	7.2	7.5	5,422
Jun	7.9	11.4	4.2	15.7	7.2	7.7	1,913
Jul	8.7	11.4	5.8	13.4	3.7	5.3	-12
Aug	7.0	9.1	4.7	8.2	4.5	5.3	5,857
Sep	6.8	9.6	3.9	8.5	7.0	6.6	968
Oct	8.2	11.6	4.7	7.7	6.5	5.9	4,028
Nov	8.4	11.3	5.2	6.5	7.2	6.1	3,794
Dec	9.5	14.0	4.8	5.9	7.7	6.0	

* = over last 6 months at annual rate

Source: Deutsche Bundesbank p = provisional

Table 6

EXCHANGE AND INTEREST RATES

	3 month Interbank* % p.a.	Yield on outstanding Public Sector bonds % p.a.	Discount Rate+ % p.a.	Lombard Rate+ % p.a.	DM Effective Exchange rate** End 72=100	DM/\$ Spot Middle Rates (Frankfurt)	DM/E Rates
Annual							
1983		7.9	4.0	5.5	151.9	2.5552	3.871
1984		7.8	4.5	5.5	149.8	2.8456	3.791
1985	4.82	6.9	4.0	5.5	149.6	2.9424	3.785
1986	4.64	5.9	3.5	5.5	162.6	2.1708	3.184
1987	4.03	5.8	2.5	4.5	172.4	1.7982	2.941
1988	4.34	6.1	3.5	5.5	171.1	1.7586	3.125
Monthly							
1987 Jan	4.54	5.8	3.0	5.0	172.9	1.8581	2.798
Feb	4.03	5.7	3.0	5.0	173.6	1.8265	2.788
Mar	4.04	5.6	3.0	5.0	172.0	1.8339	2.920
Apr	3.91	5.4	3.0	5.0	171.2	1.8110	2.953
May	3.81	5.3	3.0	5.0	171.7	1.7863	2.983
Jun	3.73	5.5	3.0	5.0	171.6	1.8184	2.963
Jul	3.85	5.8	3.0	5.0	171.5	1.8470	2.973
Aug	4.00	6.0	3.0	5.0	171.1	1.8581	2.966
Sept	4.04	6.2	3.0	5.0	171.5	1.8129	2.981
Oct	4.74	6.5	3.0	5.0	171.8	1.8021	2.993
Nov	3.98	6.0	3.0	4.5	175.0	1.6812	2.985
Dec	3.72	5.9	2.5	4.5	175.3	1.6332	2.987
1988 Jan	3.53	5.9	2.5	4.5	174.4	1.6517	2.977
Feb	3.37	5.7	2.5	4.5	173.3	1.6976	2.982
Mar	3.44	5.6	2.5	4.5	173.3	1.6780	3.071
Apr	3.43	5.7	2.5	4.5	172.7	1.6733	3.138
May	3.58	6.1	2.5	4.0	171.8	1.6934	3.166
Jun	3.93	6.1	2.5	4.5	170.7	1.7557	3.125
Jul	4.93	6.4	3.0	5.0	169.1	1.8440	3.145
Aug	5.37	6.5	3.5	5.0	168.1	1.8874	3.204
Sep	5.02	6.3	3.5	5.0	169.5	1.8669	3.143
Oct	5.10	6.1	3.5	5.0	169.8	1.8200	3.161
Nov	4.95	6.1	3.5	5.0	170.7	1.7497	3.163
Dec	5.38	6.3	3.5	5.5	170.2	1.7555	3.206
1989 Jan	5.70	6.5	4.0	6.0	168.4	1.8304	3.253
Feb	6.43	6.9	4.0	6.0		1.8523	3.248

* = FIBOR: Frankfurt interbank offered rate (introduced 12.8.85; 1985 = avg Sep-Oct)

+ = End of year/month p = provisional

** = Weighted against 14 industrial countries

Source: Deutsche Bundesbank

Table 7

FRG - CURRENT ACCOUNT

VALUES IN DM BILLION

	Exports	Imports	Balance	Supplementary trade items	Services	Transfers	Current account
	*****	*****	*****	*****	*****	*****	*****
<u>Annual</u>							
1981	396.9	369.2	27.7	-0.2	-10.7	-24.8	-8.0
1982	427.7	376.5	51.2	0.8	-13.7	-25.9	12.4
1983	432.3	390.2	42.1	3.3	-6.6	-25.2	13.6
1984	488.2	434.3	53.9	-1.1	4.7	-29.7	27.8
1985	537.2	463.8	73.4	-1.3	5.3	-28.9	48.5
1986	526.4	413.7	112.7	-1.5	0.9	-27.0	85.1
1987	527.4	409.6	117.8	-1.5	-7.1	-28.3	80.9
1988	567.8	439.8	128.0	-1.7	-10.5	-30.8	85.0
<u>Monthly</u>							
1987 Jan	37.6	30.4	7.2	0.1	0.3	-2.0	5.6
Feb	42.6	32.1	10.5	0.5	-0.4	-3.8	6.8
Mar	47.0	36.9	10.1	-0.2	-1.0	-0.3	8.6
Apr	44.4	35.2	9.2	-0.3	0.1	-2.0	7.0
May	43.3	32.8	10.5	-0.2	0.6	-2.5	8.4
Jun	42.1	33.8	8.3	0.2	-2.2	-1.9	4.4
Jul	45.5	35.6	9.9	-0.6	-2.2	-2.3	4.8
Aug	36.1	29.6	6.5	-0.2	-1.4	-2.0	2.9
Sept	45.8	34.3	11.5	-0.3	-2.0	-2.5	6.7
Oct	48.8	38.7	10.1	-0.3	0.1	-2.7	7.2
Nov	45.7	34.7	11.0	0.6	0.9	-2.5	10.0
Dec	48.5	35.5	13.0	-0.9	0.3	-3.6	8.8
1988 Jan	36.3	27.8	8.5	0.3	-1.9	-2.1	4.8
Feb	41.9	33.7	8.2	-0.4	-0.4	-2.2	5.2
Mar	50.1	41.5	8.6	-0.6	-1.0	-2.3	4.7
Apr	43.3	33.8	9.5	0.3	1.0	-2.2	8.6
May	47.6	37.3	10.3	0.0	0.6	-3.3	7.6
Jun	50.3	36.1	14.2	-0.9	-2.8	-1.1	9.4
Jul	47.1	36.0	11.1	-0.3	-2.9	-2.6	5.3
Aug	44.2	34.9	9.3	-0.4	-0.9	-3.1	4.9
Sep	47.5	36.2	11.3	-0.4	-2.4	-2.6	5.9
Oct	53.2	42.6	10.6	0.7	-0.1	-3.3	7.9
Nov	51.2	38.1	13.1	-0.2	1.5	-3.8	10.6
Dec	55.1	41.6	13.5	0.1	-0.9	-2.7	10.0
1989 Jan	50.4	38.6	11.8	0.0	0.4	-1.4	10.8

Source: Deutsche Bundesbank * = provisional

Table B

FRG: ECONOMIC FORECASTS

% change over previous year (real)

		GNP	Private Consumption	Gov't Consumption	Capital Formation		Exports (of goods & services)	Imports
		---	-----	-----	Mach. & Eqpt	Buildings	-----	-----
**** 1989 ****	Release Date							
DIW Berlin	Jan 89	2.5	2.0	1.0	6.0	2.5	5.5	5.0
HWWA Hamburg	Jan 89	2.0	2.0	0.5	6.0	2.5	4.5	4.5
Kiel Institute	Mar 89	2.5	2.5	1.0	9.5	3.5	5.0	6.0
IdW, Cologne	Nov 88	2.5	2.5	1.0	5.5	2.5	4.5	5.0
Ifo, Munich	Dec 88	2-2.5	2.5	0.5	6.0	2.5	5.0	4.5
DWI, Essen	Jan 89	2-2.5	2.0	0.5	6.0	3.0	4.5	4.0
WSI, Düsseldorf	Oct 88	1.5	1.5	1.5	4.5	2.5	4.5	5.0
Commerzbank	Oct 88	1.5-2.0	2.0	1.5	4.0	1.5	3.5	4.0
Dresdner Bank	Oct 88	2.0	2.0	1.5	5.0	2.0	4.0	5.0
WestLB Bank	Dec 88	2.0	2.0	1.0	5.0	2.0	4.5	5.0
5 Institutes	Oct 88	2.0	2.0	0	5.0	2.5	4.0	4.0
5 Wise Men	Oct 88	2.5	2.5	0.5	6.5	2.5	5.0	4.5
Average		2.1-2.2	2.1	0.8	5.6	2.3	4.5	4.6