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Press-release

**Economic forecast:  
war in Ukraine will  
leave significant scars  
on the German  
economy**

“The European Central  
must finally wake up.”

**Christian Ossig**  
Chief Executive

- Russia’s attack on Ukraine casts a shadow over economic recovery
- Inflation set to rise above 7 per cent in the coming months
- German economy hit hard by commodity prices and supply shortages

The economic outlook by the chief economists of Germany’s private banks is subject to considerable uncertainty this spring. “Russia’s shocking attack on Ukraine will leave significant scars on the German economy. How deep they will be is impossible to predict at present,” said Christian Ossig, Chief Executive of the Association of German Banks, when unveiling the association’s spring forecast.

## Press-release

For the first half of 2022, the private banks now expect economic growth to be extremely weak. Before the start of the war, it was forecast that the economy would pick up again in spring. "The main drags on the economy are sharply rising energy prices and once again worsening supply bottlenecks. If, as is to be hoped, the war in the Ukraine does not escalate further, we anticipate economic growth of 2.2 per cent overall in 2022. However, half of this growth is based on statistical effects from last year," Ossig added. "The present economic situation is therefore much more sobering than it appears at first glance."

The private banks are very concerned about the rapidly rising prices in the euro area as a whole. "We expect inflation to rise above 7 per cent in the coming months. This is the highest it has been for 40 years. And we expect prices to go on rising significantly in the coming years."

"The European Central Bank must finally wake up. We've been calling for an end to negative interest rates for years. Given the dramatic inflation trend, the negative rate policy must be terminated before the end of the year. We need a clear road map for this now," said Ossig. That would also be a clear signal for wages policy and for the capital markets to reduce possible risk premiums.

The association's economic forecast is conducted every six months and is based on a survey of the 15 chief economists of private banks who make up the Economic and Monetary Policy Committee.

At 11 a.m. today, Committee Chair Holger Schmieding, Chief Economist Berenberg, and Christian Ossig will unveil the economic forecast in Part 1 of our Banken ON SCREEN event "Putin's war: consequences for Europe".

In Part 2, which starts at 12 noon, Maya Atig, CEO of the Fédération Bancaire Française, and her Italian counterpart Giovanni Sabatini, General Manager of the Associazione Bancaria Italiana, will discuss with Christian Ossig the current developments and their implications for the strategic autonomy of the European Union.

You can [follow the event here](#).

The members of the committee are

**Dr. Holger Schmieding**, Chief Economist, Berenberg, and Committee Chair

**Burkhard Allgeier**, Chief Investment Officer, Chief Economist, H&A Global Investment Management

**Dr. Klaus Bauknecht**, Chief Economist, IKB Deutsche Industriebank

**Daniel Bleiberg**, Chief Economist, Deutsche Pfandbriefbank

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**Dr. Jan Bottermann**, Chief Economist, National-Bank

**Carsten Brzeski**, Chief Economist, ING-DiBa

**Dr. Cyrus de la Rubia**, Chief Economist, Hamburg Commercial Bank

**Dr. Felix Hübner**, Chief Economist Germany, UBS Europe

**Carsten Klude**, Chief Economist, M.M. Warburg

**Dr. Jörg Krämer**, Chief Economist, Commerzbank

**Carsten Mumm**, Chief Economist, Donner & Reuschel

**Dr. Andreas Rees**, Chief Economist Germany, Unicredit Bank

**Stefan Schilbe**, Chief Economist, HSBC Trinkaus & Burkhardt

**Stefan Schneider**, Chief German Economist, Head of German Macroeconomics, Deutsche Bank

**Dr. Dirk Schumacher**, Senior European Economist and Managing Director, Natixis Germany

**Dr. Christian Ossig**, Chief Executive, Association of German Banks

**Markus Becker-Melching**, Chief Operating Officer, Managing Director Strategy, Association of German Banks

**Volker Hofmann**, Head of Economics, Association of German Banks

## Forecast summary

### Germany

	2021	Forecast	
		2022	2023
Gross domestic product <sup>1)</sup>	+2,9	+2,2	+2,9
Household consumption expenditure <sup>1)</sup>	+0,1	+4,0	+2,7
Government consumption expenditure <sup>1)</sup>	+3,1	+1,5	+2,0
Investment in machinery and equipment <sup>1)</sup>	+3,4	+2,0	+6,0

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		Forecast	
Investment in construction <sup>1)</sup>	+0,7	+1,0	+2,5
Exports <sup>1)</sup>	+9,9	+6,0	+4,2
Imports <sup>1)</sup>	+9,3	+7,5	+4,2
Consumer price inflation <sup>2)</sup>	+3,1	+5,9	+2,5
Number of unemployed (in million)	2,61	2,28	2,20

## Euro area

		Prognose		
	2021	2022	2023	
Gross domestic product <sup>1)</sup>	+5,2	+3,0	+2,5	
Consumer price inflation (HICP) <sup>2)</sup>	+2,6	+6,1	+2,4	
Core rate <sup>2)</sup>	+1,5	+2,8	+2,5	
Unemployment rate	7,7	6,8	6,3	

## Financial markets and commodities

		Prognose	
	22.3.2022	2022	2023
USD/EUR	1,10	1,15	1,19
Yield on German 10-year government bonds	0,52	0,60	0,90
Oil price (USD/barrel)	113,50	90,00	80,00

1) Real change in per cent on previous year

2) Annual average change in per cent on the previous year