A rocky path out of the crisis

DIHK Economic Survey Fall 2025

DIHK German Chamber of Commerce and Industry

IHK German Chambers of Commerce and Industry

Contents

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Key findings

Forecast: The DIHK expects only stagnation (0.0) this year, followed by a very slight upturn and weak economic growth of 0.7 percent next year.

- There are no signs of an improvement in the economic situation in the Fall 2025. As in early summer, only 25 percent of companies rate their current **business situation** as "good", while 25 percent describe it as poor. The balance of opinions thus remains at zero points.

- Business **expectations** remain predominantly gloomy. Weak demand and ongoing structural problems are weighing on companies: only 15 percent expect business to improve in the coming twelve months (previously 16 percent), while more than a quarter anticipate a deterioration (27 percent, up from 26 percent). The balance of business expectations has thus fallen slightly by two points to minus twelve points compared with early summer. The balance is well below the long-term average (three points), but six points above the previous year's figure (balance: minus 18).

- Companies cite domestic demand as **the** most frequent **business risk** (57 percent), followed by Economic policy (56 percent) and labour costs (56 percent, highest level).

- Due to external economic uncertainties and reduced competitiveness, **export expectations** remain deeply negative: 29 percent of companies expect exports to decline in the coming twelve months, while only 19 percent expect them to rise. The balance of export expectations remains at minus ten points.

- Companies remain very cautious about their domestic **Investment plans**. While only 22 percent of companies are planning to increase their budgets (previously 24 percent), 31 percent will reduce their investments, as in early summer. The resulting balance of minus nine points represents a slight deterioration compared with early summer (Balance: minus seven points) and only a marginal improvement on the previous year (Balance: minus ten points).

- The ongoing economic downturn is having an impact on companies' **employment plans**. Eleven percent plan to expand their workforce (previously 13 percent), while 24 percent expect a decline (previously 22 percent). At minus 13 points, the balance is at its lowest level since the coronavirus pandemic.

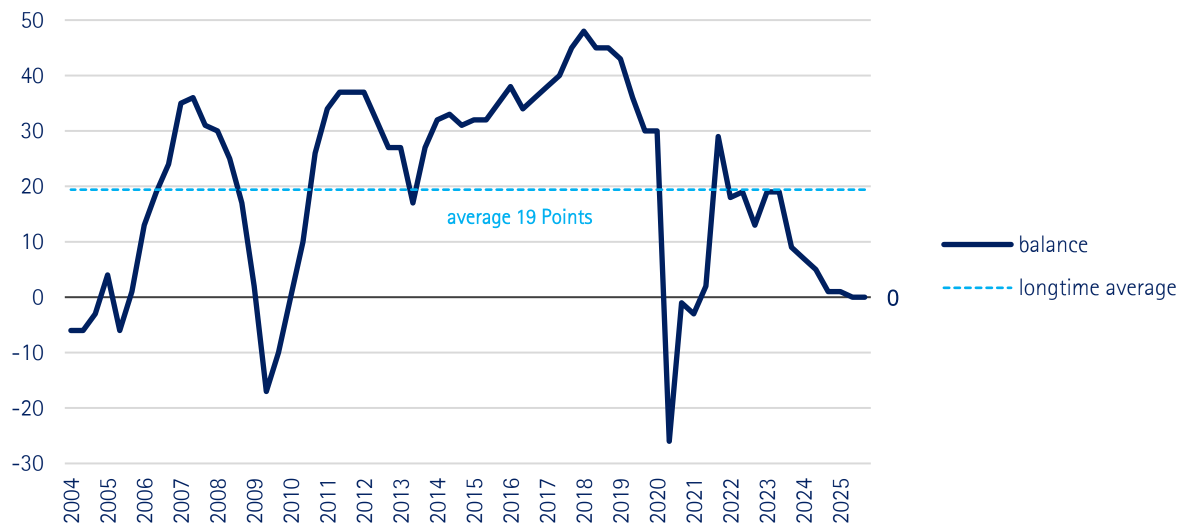
Current business situation of companies

The business situation in the German economy remains tense in the Fall 2025. For more than a year, the assessment of the situation has remained at a low level. There are currently no signs of recovery. High energy and labour costs, lengthy approval procedures and a multitude of bureaucratic requirements continue to hamper the competitiveness of companies. The impetus provided by the new federal government has not been reflected in an improvement in the business situation of companies. In addition, domestic and foreign demand remains subdued. Geopolitical tensions and trade conflicts are creating additional pressure.

Exactly one quarter of companies currently rate their business situation as good (unchanged from early summer), while just as many describe the situation as poor (unchanged from early summer). The balance of the situation thus remains unchanged at zero points – well below the long-term average of plus 19 points. Compared to fall 2024, the balance has fallen slightly by one point. The last time the situation was worse was during the coronavirus pandemic (balance at the beginning of 2021: minus three points).

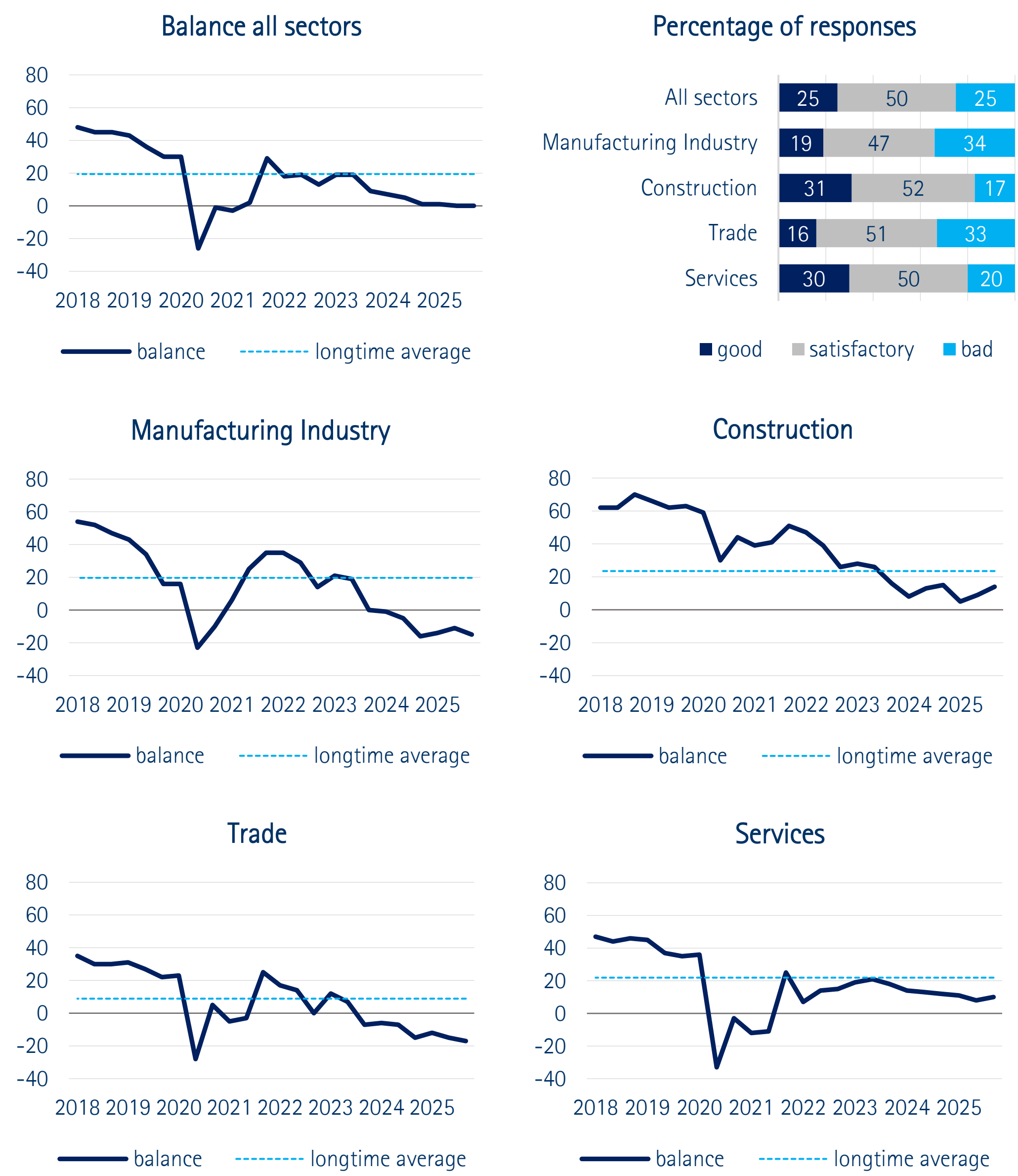
The gloomy mood is evident across all company sizes: the balance is minus one point for both small businesses with fewer than 20 employees and companies with 20 to 200 employees (previously minus three points and zero points, respectively). Large companies with more than 1,000 employees are also feeling the strain more and more: their current balance has fallen from seven to four points, the lowest level since fall 2020.

Business situation of companies (balance of good minus bad responses, long-term average since 2003)



The situation in the **manufacturing industry** is particularly bad. The sector continues to suffer from weak demand, high costs and, in some cases, inadequate location conditions. One in three industrial companies assesses its situation as poor (34 percent, up from 31 percent), while only 19 percent (down from 20 percent) describe their situation as good. The balance fell from minus 11 to minus 15 points, which is a remarkable 35 points below the long-term industry average. The persistently weak assessments across all industrial sectors – from basic materials manufacturers to consumer goods producers – reinforce concerns about at least creeping deindustrialisation in Germany.

Business situation of companies (balance of good minus bad responses, long-term average since 2003)



For **intermediate goods manufacturers**, the business situation has deteriorated further since early summer. Only 15 percent of companies rate their situation as "good", while 40 percent rate it as "poor". The balance fell from minus 21 to minus 25 points. Although there has been a slight improvement compared with the same period last year (minus 30 points in fall 2024), there are no signs of a sustained upward trend. The weakness of industry and the associated low demand for intermediate goods, as well as increasing international competitive pressure, are weighing heavily on companies. Added to this are persistently high energy prices, which are significantly above the level seen before Russia's war of aggression against Ukraine. Overall, the situation for energy-intensive intermediate goods producers therefore remains very tense. The situation in the chemical industry has deteriorated particularly sharply: the balance has fallen from minus ten to minus 19 points compared with the previous survey. The situation also continues to deteriorate in the wood industry (minus 18 after minus ten) and the paper industry (minus 44 after minus 34). By contrast, there has been a slight improvement in metal production and processing. The balance has improved from minus 37 to minus 31 points, but remains deep in negative territory.

The business situation of **capital goods manufacturers** has also deteriorated further. Compared with early summer, the balance has fallen from minus six to minus eleven points – and thus remains well below the long-term average of 26 points. The high level of uncertainty surrounding global economic and trade policy is having a noticeable impact on this highly export-oriented sector. The assessment of the situation is particularly negative in the automotive industry. The balance has deteriorated to minus 32 points. After a temporary rise to minus 15 points in early summer – due to pull-forward effects resulting from the announced US tariffs on European vehicles – the figures are now back at the extremely weak level of the previous year (minus 31 points in Fall 2024). A similar trend can be seen in mechanical engineering: sentiment had brightened slightly in early summer (minus ten points), but the balance has now fallen back to minus 14 points. Subdued investment propensity in customer industries and geopolitical uncertainties are weighing on the sector.

The downward trend is also continuing among **producers of consumer goods and commodities**. Persistent consumer restraint and uncertainty about global economic development are weighing on the industry. The balance of assessments of the current situation has fallen from minus six to minus ten points. The situation is particularly difficult in the textile, clothing and leather industry, where the balance of assessments has fallen from minus twelve to minus 20 points. Despite a slight improvement from minus 21 to minus 19 points, the situation in the furniture business also remains tense. Despite trade policy uncertainties, the pharmaceutical industry assesses its business situation as predominantly positive. However, there are signs of a downturn here. The balance has fallen from 36 to 18 points, halving within a few months.

The assessment of the situation **in the trade sector** is the worst of all economic sectors. Only 16 percent (previously 17 percent) of companies rate their current business situation as good, while a third of companies assess the situation as poor (33 percent, up from 32 percent). The balance has fallen from minus 15 to minus 17 points – the lowest level since Fall 2020. The situation is particularly critical in the wholesale sector. The balance has fallen from minus 18 to minus 21 points. Wholesale companies are struggling with weak demand from the Manufacturing Industry, ongoing problems in supply chains and uncertain economic prospects. In the retail sector, growing consumer reluctance is having a negative impact: uncertainties about economic developments and job security, as well as increased living costs, are dampening consumer sentiment. The balance stands at minus 14 points (previously: minus 15).

There is a slight improvement in sentiment in **the construction industry**. Compared to early summer, the situation is improving slightly, with the balance of companies improving from nine to 14 points. Around one in three companies (31 percent, up from 29 percent) currently describe their business situation as good, while 17 percent describe their current business situation as "poor" (previously: 20 percent). However, the balance is slightly worse than in the same period last year (fall 2024: 15 points). This means that companies' assessment of the situation remains below the long-term average of 24 points. In particular, the lack of skilled workers and high labour costs pose structural challenges for companies. The situation remains tense, particularly in building construction, although a slight improvement can be seen here too since early summer. The balance has risen slightly from minus three to zero points at present. However, the assessment of the situation is still far from the long-term average (average balance: 21 points). Assessments of the situation in civil engineering have improved, partly due to seasonal factors, by seven points to a balance of 21 points. This is even slightly above the long-term average of 18 points, but well below the previous year's figure (balance in fall 2024: 30 points). The finishing trade is comparatively stable with a balance of 25 points, up from 21 points recently, and only slightly below the previous year's level of 27 points.

In **the service sector,** the business situation improved slightly. The balance rose from eight to ten points compared to early summer. Development within the sector is uneven. Personal services saw a slight improvement to a balance of twelve points (up from eleven points previously). The assessment is particularly positive in travel agencies, where the balance rose from 19 to 23 points. In contrast, the mood in the cultural and creative industries is significantly gloomier: the balance of opinions has fallen from four to minus seven points. Business-related services are slightly below the previous survey's figure (15 points) with a balance of 13 points. Individual sub-sectors are developing steadily. Legal and tax consultancies in particular rate their current situation highly (53 points, down from 55 points). Research and development is also dynamic, with a balance of 25 points, the situation assessment is two points above the previous survey and 23 points above the previous year's figure. In contrast, the situation in the IT services sector is deteriorating, with the balance falling from 17 to 12 points.

In **the hospitality industry**, the business situation has improved significantly since early summer, but remains in negative territory: the Balance rose from minus 18 to minus two points. Due to seasonal factors, the assessment of the situation in fall is traditionally somewhat more positive after the summer months. However, there has been a slight deterioration compared with the same period last year (fall 2024: four points). The results of the peak season in summer

2025 were not enough to create a more positive mood. The situation also remains subdued in a longer-term comparison – the current value is well below the long-term average of nine points. The catering industry in particular remains under pressure: high costs, staff shortages and bureaucracy are weighing on many businesses.

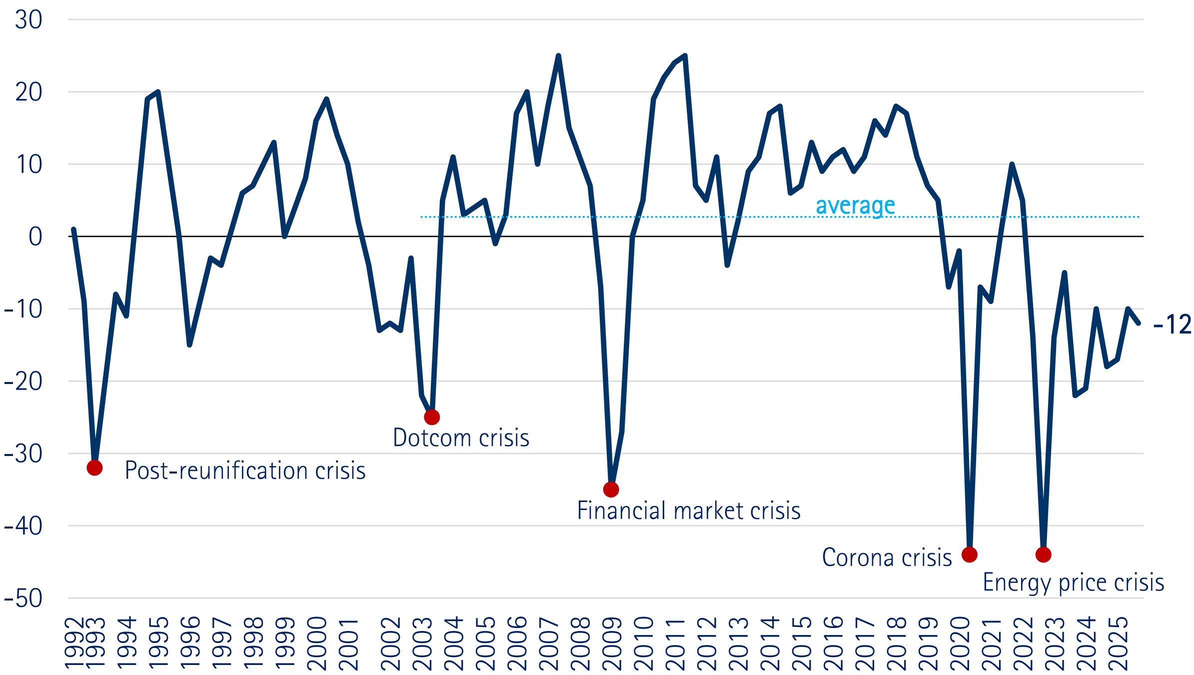
The **transport and storage** sector remains in the doldrums with a balance of minus six points (previously minus seven). Only 19 percent of companies rate their situation as "good", while 25 percent describe it as poor. The situation is particularly tense in road freight transport, where the business situation remains at a low level with a balance of minus ten points (previously minus 13). A shortage of drivers, inadequate transport routes, high costs and uncertainties surrounding the transition to new drive systems are putting pressure on many companies in this sector.

Business expectations of companies

Business expectations remain predominantly gloomy. After three years without economic growth, there are currently no signs of a broad upturn. Weak demand and structural location problems that remain unresolved are weighing on companies: only 15 percent expect business to improve in the coming twelve months (previously 16 percent), while more than a quarter anticipate a deterioration (27 percent, up from 26 percent). The balance of business expectations fell slightly by two points to minus twelve compared with early summer. It is well below the long-term average (three points), but six points above the previous year's figure (balance: minus 18).

Looking at the different company size categories, it is clear that the economy is developing very differently here. Basically, expectations improve with the number of employees in the companies. In addition, the gaps between the size categories are widening. Business expectations are brightening for companies with more than 1,000 employees. They rose by four points compared to early summer to a balance of plus ten points. This corresponds exactly to the long-term average and is the highest value since the start of the Russian war in Ukraine (Balance at the beginning of 2022: plus 25 points). In contrast, expectations in smaller companies are predominantly negative and have even deteriorated compared to the previous survey. For companies with 200 to 1,000 employees, the balance fell slightly by one point to minus three points. In companies with up to 200 employees, the balance fell by two points to minus 14 points.

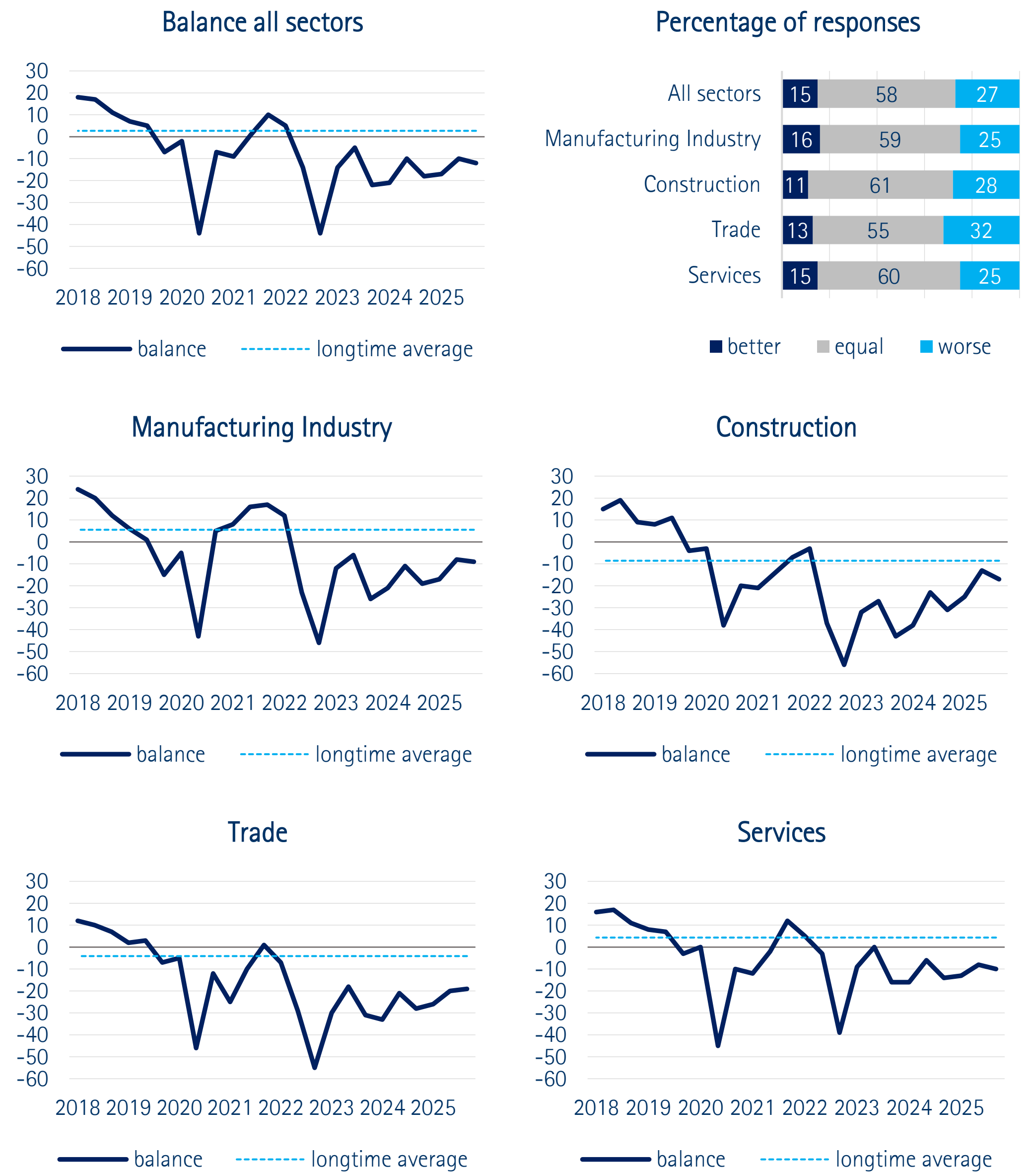
Business expectations of companies (balance in points, long-term average since 2003)



Business expectations in the **manufacturing industry** did not improve over the course of the summer. Despite the customs agreement with the USA, uncertainties in foreign trade remain very high. High costs at domestic locations are weighing on competitiveness. The ongoing economic weakness is also depressing domestic demand. A consistent 25 percent of industrial companies expect their business to deteriorate. Only 16 percent (previously 17 percent) anticipate an improvement. The balance of business expectations fell slightly by one point to minus nine points compared with the previous survey. This is well below the long-term average of plus six points. However, this represents an increase of ten balance points compared with the previous year (balance in fall 2024: minus 19 points).

Business expectations of companies

(Balance of better minus worse responses, long-term average since 2003)



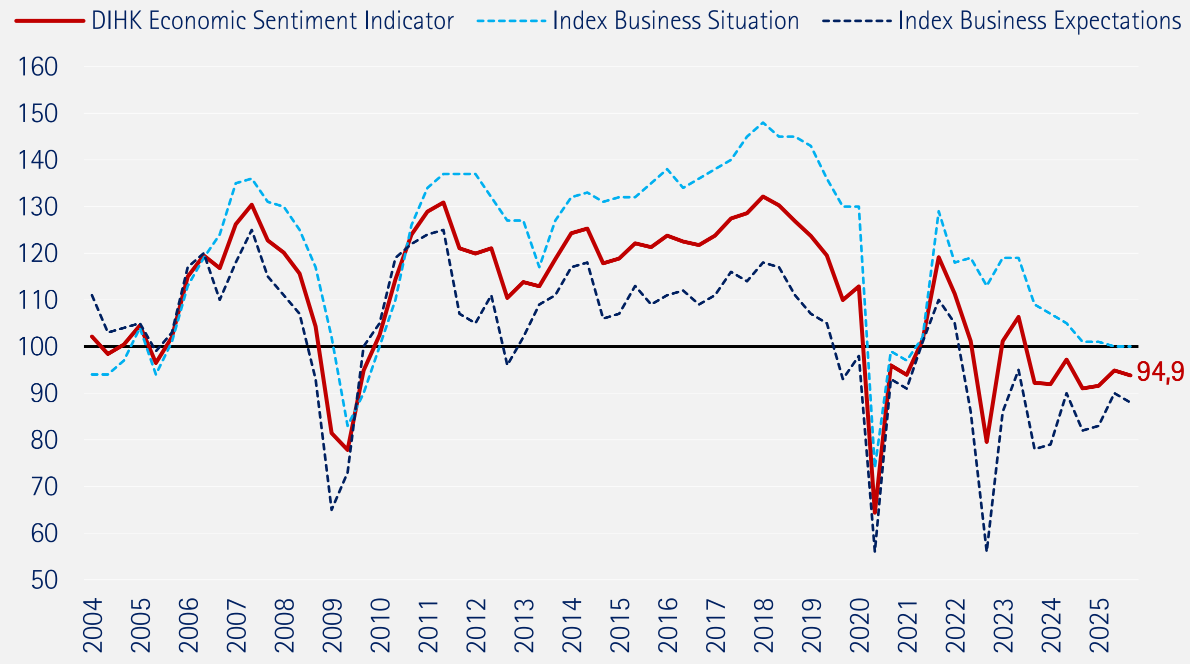
There has been a slight deterioration in expectations compared with early summer among **manufacturers of intermediate goods**. These companies are more likely than average to see the continuing high levels of energy and raw materials as a business risk. Their balance of expectations fell slightly by two points to minus ten points. Pessimism is spreading, particularly in the chemical manufacturing industry, where the balance fell by seven points to minus ten. Among **capital goods manufacturers**, business expectations remain gloomy, with a balance of minus six points. Although this is significantly higher than last year's figure (Balance minus 17 points), it is still considerably lower than the long-term average (ten points). In contrast, US tariff policy is putting a damper on business expectations in the automotive industry, with the balance falling by twelve points to minus 16 points. Business expectations among manufacturers of **capital goods and consumer goods** are rising slightly. The balance rose to minus ten points, after 13 points in early summer and also 13 points in Fall 2024. The food industry in particular is seeing an upturn, with the balance improving by six points to minus nine points.

The outlook for **the construction industry** is clouding over due to seasonal factors. Only one in ten companies has positive business expectations (11 percent, down from 13 percent), while 28 percent expect a deterioration (up from 26 percent). The balance of business expectations fell from minus 13 to minus 17 points. However, the decline in fall is less than usual for this time of year. In addition, the outlook is significantly better than it was a year ago: compared to fall 2024, the balance has increased by 14 points (balance in fall 2024: minus 31 points). Finally, the recent upturn in building permits and the "construction boom" are fuelling cautious hopes that the construction industry will soon pick up, especially in the building and finishing trades. In building construction, business expectations stand at minus 21 points (after minus 34 points in the previous year), and in the finishing trade at minus 16 points (after minus 28 points in the previous year). Civil engineering is heavily dependent on public contracts. Neither the special fund nor the 2026 federal budget had been finally approved during the survey period. As a result, planning uncertainties remain for public infrastructure projects. There is also concern that the special fund will permanently drain infrastructure funds from the federal government's core budget. Against this backdrop, the balance of business expectations in civil engineering, at minus 21 points, is only five points above the previous year's figure and eight points below the figure in early summer.

Business expectations in **the trade sector** remain predominantly negative. In addition to weak demand, companies are very concerned about high and rising labour costs and uncertain economic policy. One third of retailers (32 percent, down from 33 percent) expect business to deteriorate, while only 13 percent (up from 11 percent) anticipate an improvement. The balance rose minimally by one point to minus 19 points. It is well below the long-term average of minus four points, but higher than in fall 2024 (minus 28 points). A brightening can be observed in the wholesale sector in particular, with the balance rising from minus 18 to minus 13 points. In the retail sector, however, the outlook remains bleak (Balance of minus 24 points, up from minus 23 points).

DIHK sentiment index

Even though there has been a slight improvement compared to the previous year, the mood among companies remains predominantly poor. The current DIHK sentiment index, which covers the assessments of more than 23,000 companies from almost all sectors and regions, remains in the pessimistic range at 93.8 points.



The DIHK sentiment index is the geometric mean of the business situation index and the business expectations index. The business situation index corresponds to 100 plus the proportion of companies with a good business situation minus the proportion of companies with a poor business situation. The business expectations index corresponds to 100 plus the proportion of companies with positive business expectations minus the proportion of companies with negative business expectations.

Values above 100 mean that companies predominantly have a positive assessment of sentiment, situation and expectations, and vice versa.

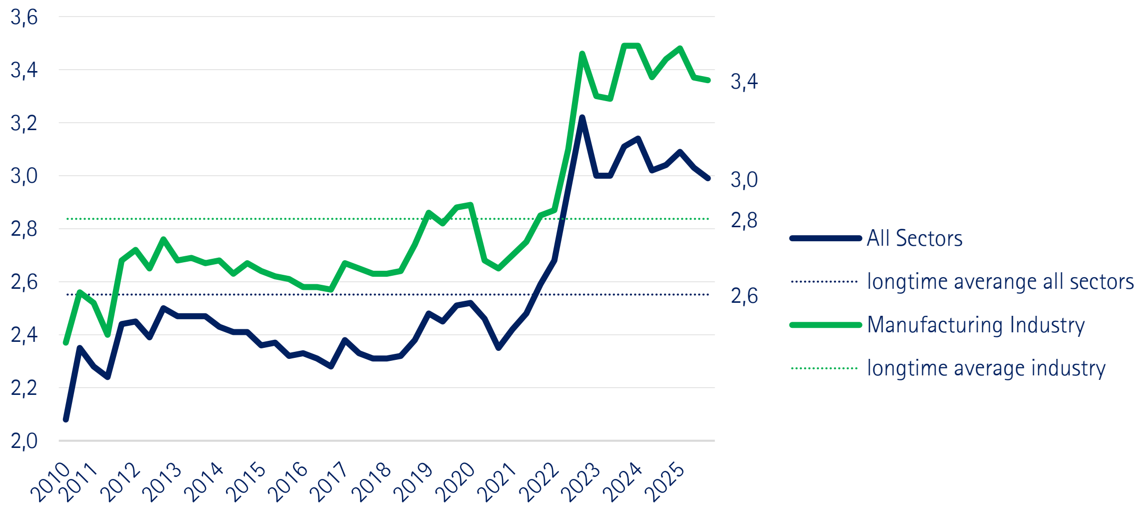
Business expectations in **the** highly heterogeneous **service sector** are deteriorating slightly. A quarter of companies (unchanged at 25 percent) express negative expectations, while 15 percent (down from 17 percent) anticipate an improvement. The balance has fallen by two points to minus ten points. The balance is below the long-term average of plus four points and only four points above the previous year's figure. In the hospitality industry, ongoing cost pressure is dampening expectations beyond the usual seasonal level. Although the reduction in value-added tax is having a positive effect there, the industry is nevertheless facing a number of challenges: three-quarters of companies cite labour costs as well as energy and raw materials as business risks. Only a few industries mention these two risks more frequently. The balance of business expectations fell by 15 points to minus 28 points. The outlook for companies in the transport and logistics sector is similarly gloomy. In addition to labour costs, high energy and fuel prices, as well as the demographic lack of skilled workers, are causing problems. The balance of business expectations fell by two points to minus 20 points. However, the balance was even lower in the previous year at minus 26 points. In contrast, the expectations of financial and insurance service providers are positive. With a balance of four points (up one point on the previous survey), they are exactly at the same level as last year and slightly above the long-term average of two points.

Business risks for companies

Pressure on companies remains high in many areas of the economy. Since the start of the Russian war in Ukraine, the number of primary business risks facing companies has risen. It is not only economic risks, such as continued weak demand at home and abroad, that are weighing on the economy. Structural problems such as uncertain economic policy, increased labour costs and persistently high energy and raw materials are also causing concern for companies. In some sectors, such as construction and labour-intensive industries, the lack of skilled workers remains an issue. The survey offers a choice of eight different business risks. Currently, companies name an average of 3.0 different risks. This is exactly the same as at the beginning of the year and only slightly below the peak of 3.2 in fall 2022. Overall, companies continue to face more risks and uncertainties on average than earlier . Until 2021, companies named an average of 2.4 risks.

DIHK risk indicator

Number of business risks cited (8 risks to choose from, multiple answers possible)



* In each wave of the DIHK Economic survey, the following eight business risks are surveyed: Domestic demand, foreign demand, lack of skilled workers, labour costs, energy and raw materials, funding, exchange rates, economic policy conditions.

For a year now, almost three out of five companies have consistently cited **domestic demand** as a risk factor for their future business development. At 58 percent, it is currently also the most frequently cited business risk. This reflects the prolonged period of economic weakness.

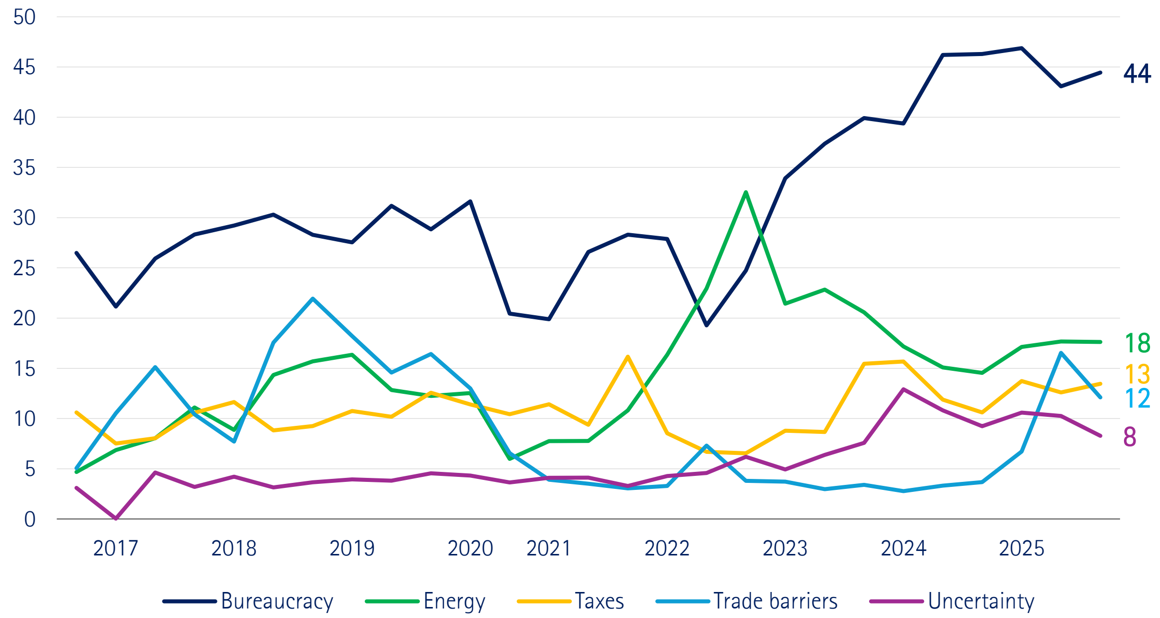
The ongoing slump in orders is particularly affecting the Manufacturing Industry. Domestic orders in the manufacturing sector are around 10 percent below the already below-average level of 2019. Accordingly, almost two-thirds (68 percent) of manufacturing industry companies report weak demand as a business risk. In early summer, the figure was 65 percent, and last year it was 71 percent. Among exporting industrial companies, fears of declining **foreign demand** (48 percent, up from 47 percent) continue to grow. In addition to declining competitiveness in the domestic market, the US administration's trade policy is causing considerable uncertainty despite the agreement with the EU.

In the retail sector, too, companies continue to cite domestic demand as the most frequent business risk (67 percent, down from 68 percent), despite higher incomes and a lower savings rate compared with the previous year. In the construction industry, domestic demand remains a business risk for half of all companies (unchanged at 52 percent). The special fund for infrastructure and climate protection has not yet had a positive impact here. The fact that the special fund and the 2026 federal budget were far from being finally approved is causing uncertainty. In civil engineering, for example, the risk of domestic demand has actually risen again, from 42 percent in early summer to 51 percent in fall 2025.

Companies cite **economic policy conditions** as a business risk almost as often as domestic demand. Although this figure has fallen slightly from 59 to 57 percent, it remains at a very high level (long-term average: 44 percent). More than 6,000 companies made use of the option to provide free-text responses on economic policy. By far the most frequently mentioned keywords relate to bureaucracy (44 percent). Energy-related issues are cited by 18 percent of companies, and as many as 27 percent in the Manufacturing Industry. In view of US tariff policy, 12 percent of free-text responses also mention trade barriers; in early summer, the figure was as high as 14 percent, compared with only five percent at the beginning of the year. Among industrial companies, this figure is as high as 23 percent. Companies see further economic policy risks in taxes, planning uncertainty and a lack of investment. In the hospitality industry, nine percent of free-text responses refer to the minimum wage.

Keywords most frequently mentioned by companies when describing economic risks*

(percentage share, evaluation of approx. 6,000 free-text responses)



*No free-text responses were collected in early summer 2020.

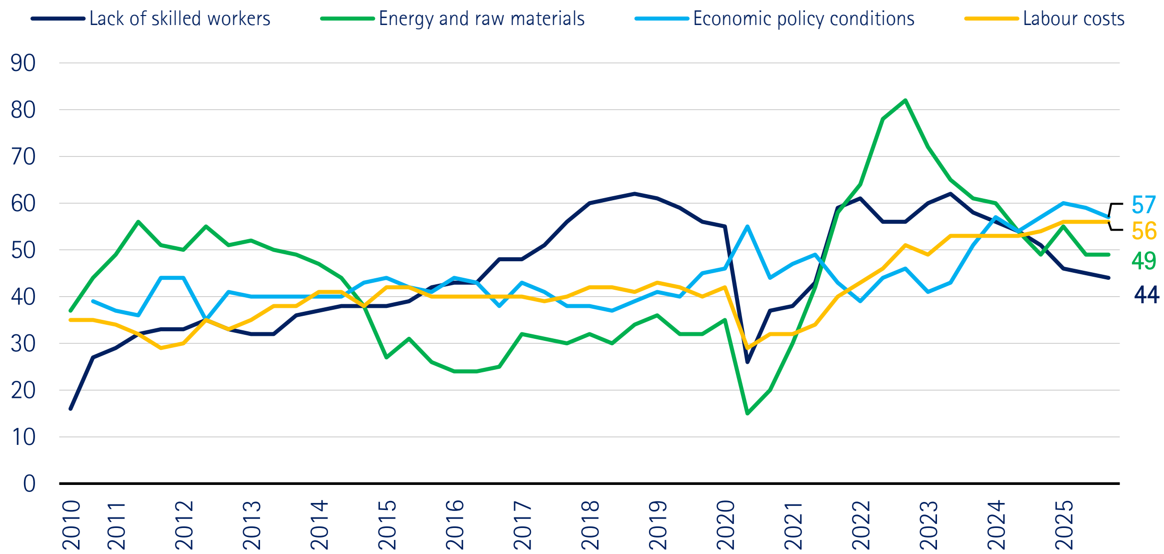
Labour costs rank third among the most frequently cited business risks. The figure thus remains at its highest level (56 percent). In all four sectors of the economy, more than half of all companies are concerned about the development of labour costs. In the Manufacturing Industry, the figure is as high as 59 percent. This is not only due to general wage increases in the wake of the current high inflation rates. Demographic-related labour shortages are also making skilled workers scarcer and therefore more expensive. Added to this are the rising burdens of social security contributions. Personnel costs are often a problem, particularly in labour-intensive sectors such as hospitality and security (hospitality 75 percent, security 83 percent). The increase in the minimum wage next year will also play a major role here.

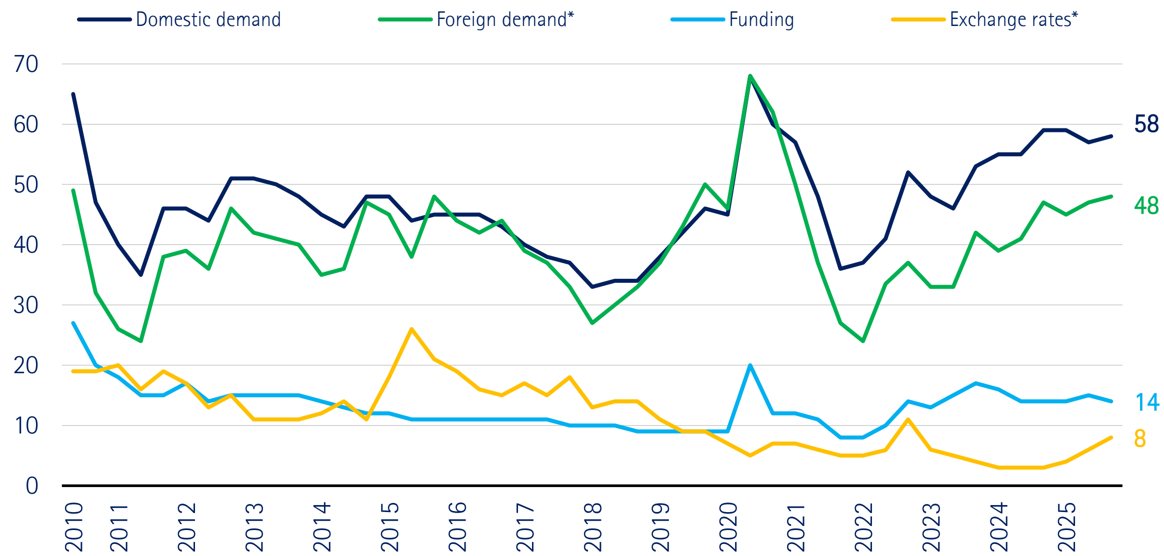
After Russia launched its war of aggression in Ukraine more than three years ago, **energy and raw materials** were the biggest business risk for the German economy as a whole for a long time. Gas and electricity prices are still well above pre-crisis levels. However, they have fallen slightly compared to the beginning of the year. The price of oil in particular is currently at its lowest level since 2021. Nevertheless, every second company cites energy and raw materials as a business risk (unchanged at 49 percent). In sectors where energy is one of the major cost factors, such as the energy-intensive manufacturing industry, the proportion is as high as two-thirds (67 percent, down from 71 percent previously).

The prolonged period of economic weakness is increasingly affecting the labour market. Although demographic trends mean that even in the current difficult economic climate, the **lack of skilled workers** remains a challenge for many companies, the pressure is currently easing further. Overall, 44 percent of companies (down from 45 percent) cite the Lack of skilled workers as a business risk. This business risk is even slightly below its long-term average (45 percent). However, the Lack of skilled workers remains a very big problem, especially in the construction industry (59 percent). Since the pandemic, the Lack of skilled workers has been the most common risk there. In civil engineering, the figure is as high as 69 percent. In some labour-intensive service sectors, the figure is even higher, such as in the security industry (73 percent).

Business risks for the economy as a whole

Percentage of responses; multiple responses possible; *Export Manufacturing Industry





The proportion of companies that see access to **funding** as a risk factor has fallen slightly from 15 to 14 percent. The long-term average is 13 percent. The risk remains above average in the real estate industry (36 percent, down from 37 percent) and among energy suppliers (33 percent, down from 36 percent).

Exchange rate risks currently play only a minor role for exporting industrial companies. Although the risk has risen slightly at the moment due to aggressive US tariff policy, at eight percent (up from six percent previously), fears of exchange rate fluctuations play only a minor role for German exporters.

Top business risks by economic sector

Percentage of responses; multiple responses possible, value from previous survey in brackets

	Manufacturing Industry	Construction	Trade	Services
1	68% (65%) Domestic demand	59% (64%) Lack of skilled workers	67% (68%) Domestic demand	56% (58%) Economic policy
2	60% (62%) Economic policy	57% (58%) Labour costs	57% (59%) Economic policy	54% (55%) Labour costs
3	59% (59%) Labour costs	54% (56%) Energy and raw materials	55% (55%) Labour costs	50% (50%) Domestic demand
4	57% (59%) Energy and raw materials	52% (52%) Domestic demand	48% (50%) Energy and raw materials	46% (47%) Lack of skilled workers
5	48% (47%) Foreign demand	51% (53%) Economic policy	41% (40%) Lack of skilled workers	44% (44%) Energy and raw materials

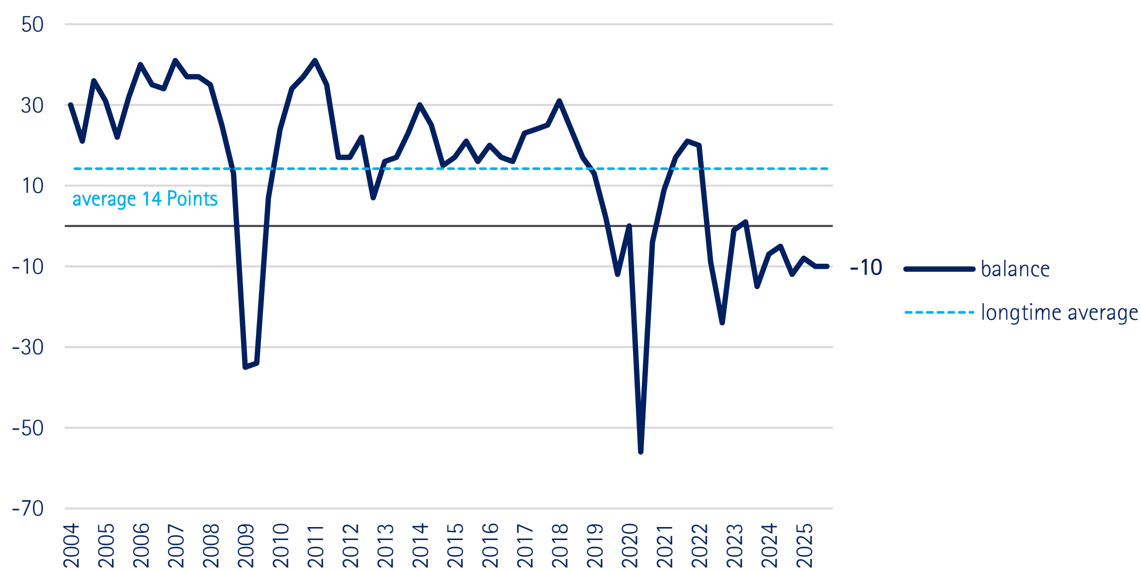
Export expectations of industrial companies

Robust global growth is providing little impetus for the German export industry. Companies in Germany are facing massive structural challenges and, at the same time, considerable trade policy uncertainty abroad. The global realignment of economic partnerships and trade routes due to the trade policy upheavals caused by US customs policy is hitting Germany's export-oriented manufacturing industry hard. International competition is fierce, and Germany is losing market share due to its lack of competitiveness in international comparison. A strong euro and structural challenges at home are reducing the international competitiveness of German companies and dampening demand for their products.

As a result, 29 percent of companies expect exports to decline in the coming twelve months (early summer 2025: 29 percent), while only about one in five companies (unchanged at 19 percent) expect an increase. Just over half of companies (52 percent) expect foreign business to remain stable. The balance of higher and lower export expectations remains at minus ten points. Current assessments of export business are thus slightly above the previous year's figure (minus twelve points), but remain well below the long-term average of plus 14 points.

Companies' export expectations

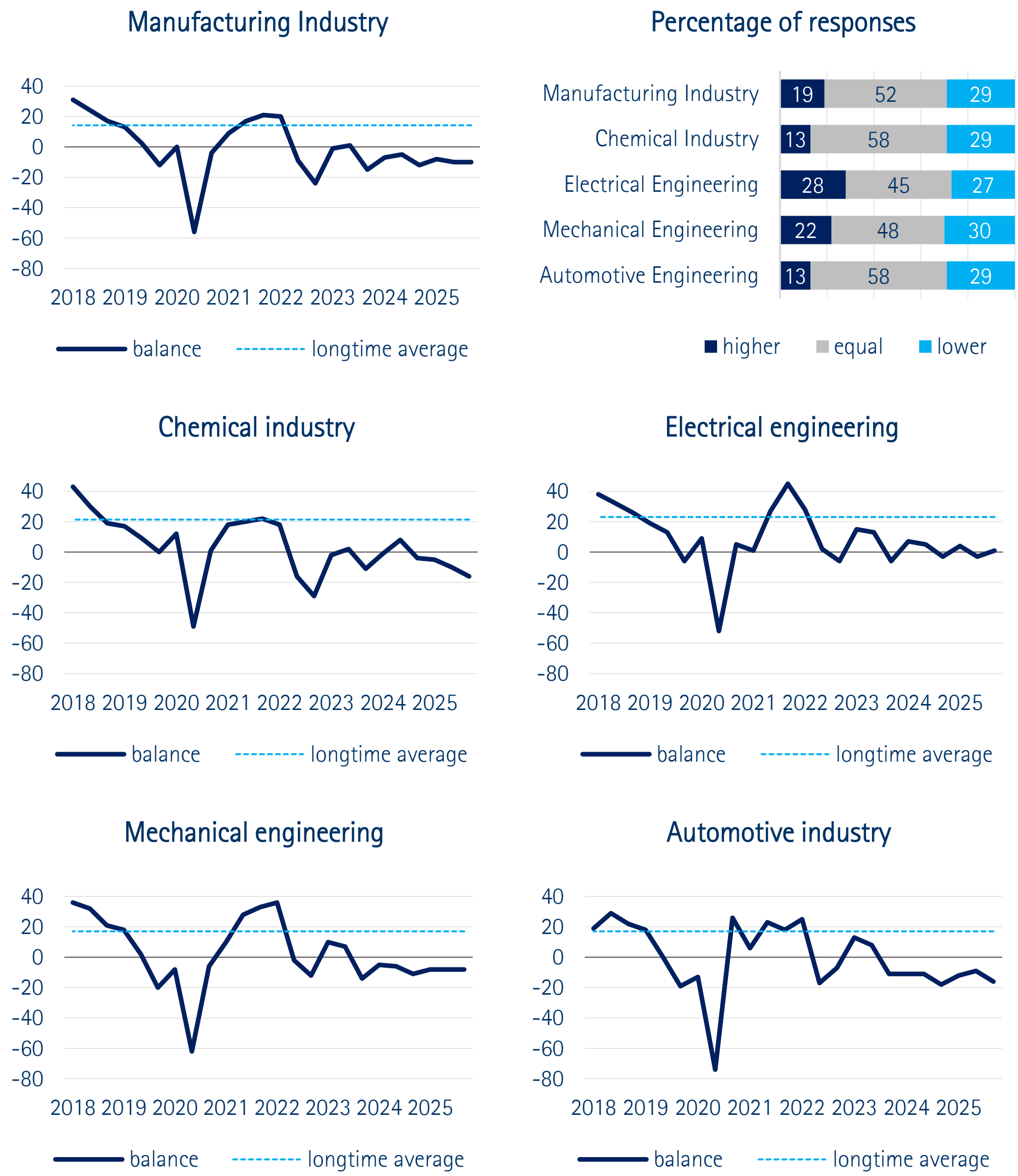
(Balance of higher minus lower responses, long-term average since 2003)



Compared to early summer, export expectations are developing differently for the various size categories. For industrial companies with up to 20 employees, the balance has deteriorated again from minus 21 to minus 23 points, while for companies with 20 to 200 employees, export expectations have also fallen from minus 14 to minus 15 balance points and thus remain negative. By contrast, the expectations of companies with 200 to 999 employees remain unchanged compared with early summer: the balance is still at minus two points. While the export outlook for smaller companies continues to deteriorate, large companies (over 1,000 employees) are optimistic. Large companies even expect export growth. Their outlook has improved significantly from plus nine to plus 14 balance points (Fall 2024: eight points). Globally positioned large companies are in a better situation to adapt to the new tariffs and align their strategies with alternative markets. They are also in a better situation to cushion the numerous bureaucratic requirements placed on supply chains.

Companies' export expectations

(Balance of higher minus lower responses, long-term average since 2003)



When comparing the main industrial groups, **producers of intermediate goods** are more pessimistic about their export expectations than before. Seventeen percent of companies expect export growth (up from 16 percent previously). In contrast, 31 percent (up from 29 percent previously) anticipate lower exports. The balance deteriorated from minus 13 points to minus 14 points. A further deterioration in export expectations can be observed in the **chemical manufacturing industry**. The balance fell from minus ten to minus 16 points and is well below the long-term average of plus 21 points. Companies in the **rubber and plastics manufacturing industry** are forecasting significantly worse exports than in the previous survey. At minus 19, down from minus 15 points previously, the balance remains negative here as well. Companies in the **metal production and processing** sector are somewhat less pessimistic: global demand for steel is likely to recover slightly in the coming year, which will also benefit manufacturers in this country to a small extent. They are revising their expectations for foreign business slightly upwards compared to early summer, although these remain deeply negative overall. The balance rises slightly from minus 19 to minus 16 points.

Export expectations among **capital goods manufacturers** have brightened slightly compared with early summer. 22 percent of companies expect exports to rise (previously 23 percent), while 28 percent anticipate lower exports (previous survey: 29 percent). The export balance from higher and lower expectations has improved from minus seven to minus six points. **Electrical engineering manufacturers** in particular are once again turning positive in their assessments of foreign business: the balance has risen from minus three points to plus one point. However, export expectations remain well below the long-term average of 23 balance points. Highly specialised **medical technology manufacturers** are able to maintain their slightly positive level: the balance remains at plus two points.

The two most important export sectors of the German economy, automotive engineering and mechanical engineering, are weakening and remain at a low level. Compared to the previous survey, companies in **the mechanical engineering sector** remain pessimistic: the balance is minus eight points (previous year: minus eleven points). The export expectations of the mechanical engineering sector are thus well below their long-term average (plus 17 points). The tariff dispute with the USA and the multitude of requirements for proving the steel and aluminium content in machines and their origin pose major challenges for many companies. The balance among **motor vehicle manufacturers** has deteriorated significantly compared to the previous survey, falling by seven points to currently minus 16 points. This is two points more than a year ago, but significantly less than the long-term average for the industry of plus eleven points. German manufacturers are finding it particularly difficult to catch up with their Chinese competitors in the field of electromobility.

In the **consumer goods** sector, export expectations in the fall are somewhat less pessimistic than they were in early summer. However, global uncertainty regarding trade and investment relations is also having an impact here. Consumer goods manufacturers' expectations have improved slightly, from minus nine to minus eight points in balance. In the **pharmaceutical industry**, on the other hand, export expectations are collapsing: the balance has plummeted from plus 31 points in early summer to just minus two points at present. It is well below its long-term average of 33 points. The uncertainty surrounding US customs policy is particularly evident here, mainly due to the high proportion of exports to the United States and the ongoing customs dispute. The planned increase in pharmaceutical tariffs from zero to 15 percent in the future was agreed between the EU and the US in August. At times, the US even threatened tariffs of 100 percent. Compared to the previous year, export expectations in the pharmaceutical industry have also fallen significantly (previous year: 26 points).

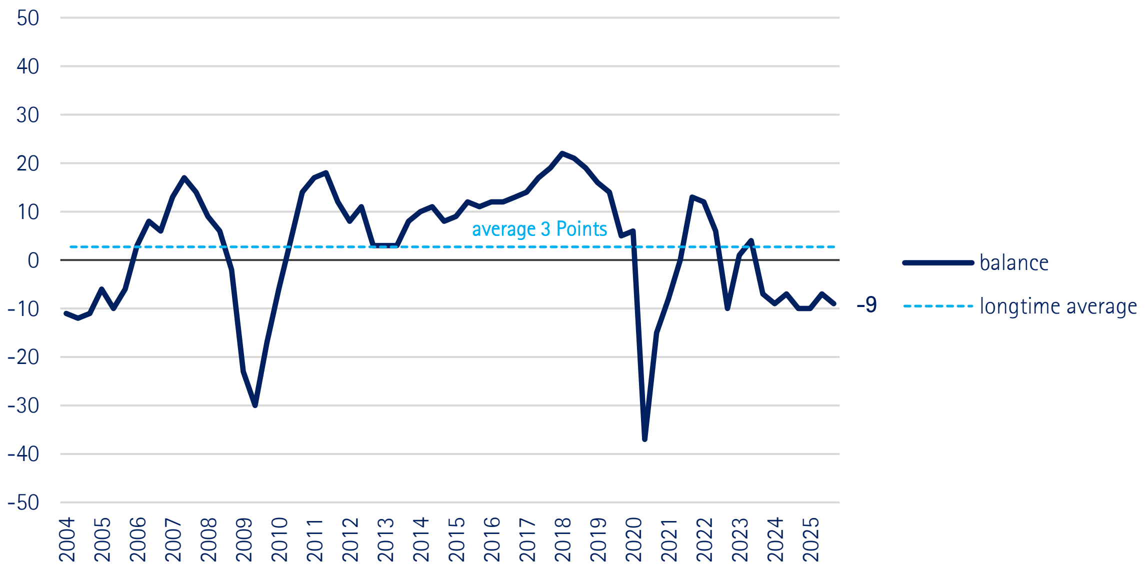
Companies' investment plans

Investment continues to struggle to gain momentum: companies remain very cautious about their domestic investment plans. While only 22 percent of companies are planning to increase their budgets (previously 24 percent), 31 percent will reduce their investment, as was the case in early summer. The resulting balance of minus nine points represents a slight deterioration compared with early summer (Balance: minus seven points) and only a marginal improvement on the previous year (Balance: minus ten points). The long-term average is significantly higher at plus three points. The slowdown compared with early summer and the lower planned investments are evident across all sectors of the economy.

The multitude of business risks is dampening companies' willingness to invest. Sales risks are currently having a particularly negative impact, as companies generally only invest if they see a business model: the investment balance of companies that cite domestic demand as a business risk is minus 25 points. For industrial companies that are concerned about foreign business, the balance is even lower at minus 30 points (manufacturing industry as a whole: balance of minus 16 points). Structural risks are also weighing on investment plans: companies that report business risks such as energy and raw materials, labour costs or economic policy are also having below-average investment balances of minus 14, minus 15 and 14 points (overall economy balance: minus nine points).

Companies' investment plans

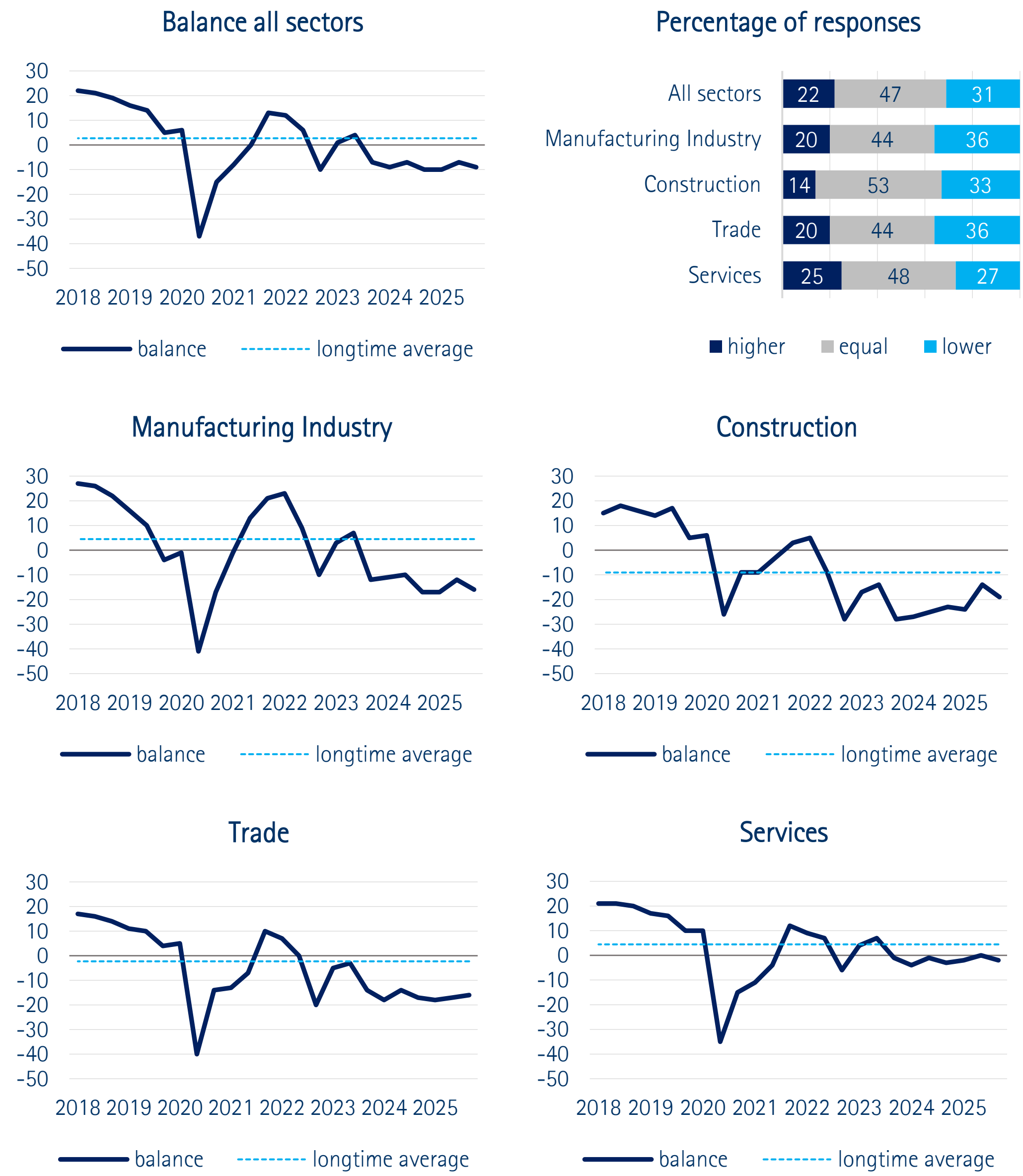
(Balance of higher minus lower responses, long-term average since 2003)



There has been little change in investment motives since the previous survey in early summer. The weak economy, structural challenges at the location and geopolitical uncertainties are causing companies to exercise caution when expanding their capacities, cut back on investments in environmental protection and instead invest in maintaining existing structures. The most common motives remain replacement needs (unchanged at 67 percent), rationalisation (unchanged at 33 percent) and product innovations (unchanged at 28 percent). As before, only 19 percent of companies intend to invest in capacity expansion. In addition, the proportion of companies wishing to invest for environmental reasons continues to decline and, at 18 percent, is well below the peak of 29 percent in early summer 2023.

Companies' investment plans

(Balance of higher minus lower responses, long-term average since 2003)

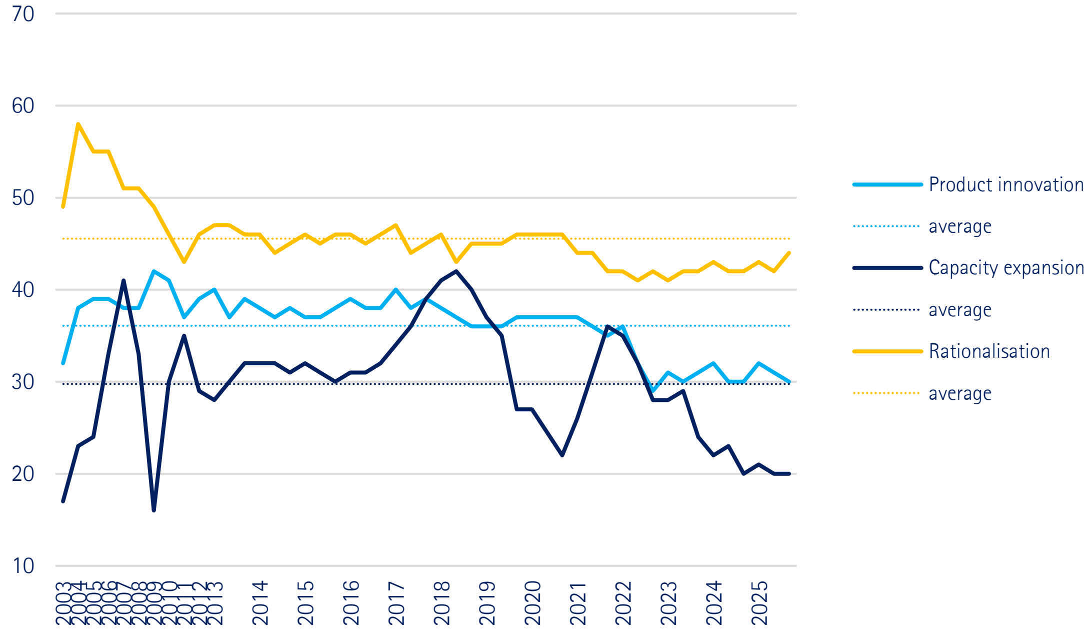


The investment plans of **industry** remain more restrictive than in the economy as a whole. More than a third of industrial companies intend to reduce their investments (36 percent, up from 34 percent previously). In contrast, only 20 percent (up from 22 percent previously) plan to expand their investments. The balance of investment plans among industrial companies fell from minus twelve to minus 16 points. This is only one balance point more than a year ago and is well below the long-term industry average (plus four points). The reluctance to invest is also reflected in the motives for investment. Two-thirds of companies cite replacement needs and 44 percent cite rationalisation as reasons for investment. This means that companies continue to focus on maintaining assets and saving costs.

It is particularly worrying that investment plans continue to decline in traditional core sectors, such as automotive manufacturing (balance of minus 33 to minus 17 points), the rubber and plastics industry (balance of minus 24 to minus 16 points), mechanical engineering (balance of minus 21 to minus 16 points) and the chemical manufacturing industry (minus 11 to plus 3 points). However, energy suppliers stand out positively. The continuing high investment requirements for coping with the energy transition are reflected in an investment balance of 34 points. Although this is less than in early summer (Balance of 52 points), it is still significantly higher than the long-term industry average (20 points). At 48 percent, capacity expansion is the second most common reason for investment among energy suppliers (after replacement demand at 55 percent).

Investment motives in the Manufacturing Industry

(percentage share, multiple answers possible, 2003 to 2012 annual survey, from 2012 3x annually)



Main motives for domestic investment

(in percent; multiple answers possible, average since 2003 in brackets)

	Rationalisation	Product innovation	Capacity expansion	Environmental	Replacement demand
All industries	33 (33)	28 (30)	19 (26)	18 (16)	67 (65)
Manufacturing Industry	44 (46)	30	20	23	66 (63)
Construction	24 (25)	17	18	14	79 (80)
Trade	34 (30)	23 (24)	17 (24)	13 (14)	66 (63)
Services	28	29	20 (24)	17 (15)	65 (64)

Investment plans in **the service sector** have also deteriorated somewhat compared with early summer (Balance down from zero to minus two points). Nevertheless, plans are once again significantly better than in the economy as a whole (minus nine points). Overall, a quarter (25 percent) of service providers intend to increase their capital budgets, while 27 percent of companies want to cut investment. Financial and insurance service providers have significantly above-average investment plans. Although the balance has fallen by six points to 20 points compared with the previous survey, it is still above the long-term industry average of nine points and only one balance point below the previous year's figure. Investment plans among providers of leasing and rental services are far less restrictive than they were a year ago. Although the balance has fallen by two points to minus six compared with early summer, this is still higher than the balance in fall 2024 (minus 22 points). In the transport and storage sector, companies also report a slight decline in investment plans of two points to a balance of minus seven points. In the hospitality industry, 24 percent of businesses want to increase their investment volume and 37 percent want to reduce it. This leads to a higher balance than in the previous survey (balance rises from minus 18 to minus 13 points), but remains well below the average for the hospitality industry (balance of plus four points).

Replacement needs are also the most important investment motive among service providers (65 percent), whereas only a few (20 percent) want to invest in expanding capacity. In contrast, the proportion of companies wishing to expand capacity is rising significantly among leasing companies and rental service providers (33 percent, up from 26 percent) and in the health and social services sector (29 percent, up from 24 percent).

In **the retail sector**, investment plans have remained at a very low level for almost two years. Currently, only one in five retail businesses (20 percent) intends to expand its investment budget, while 36 percent are making cuts. At minus 16 points, the balance is only one point higher than last year's figure and the previous survey. As in other sectors, replacement investments are clearly the main focus in the retail sector (66 percent, down from 67 percent). More than a third of retailers (34 percent) also plan to invest in rationalisation, the highest proportion in a situation (36 percent in fall 2005).

While the **construction industry** was able to raise its investment plans the most in the previous survey, a countermovement is now setting in. 14 percent plan to increase their investment budget, while 33 percent expect cuts. Investment plans are falling from minus 14 to minus 19 points. The investment climate in civil engineering (minus 11 points) is better overall than in building construction (minus 25 points, previously minus 17). The announced special fund does not yet seem to be providing any impetus in the construction sector. Only the slight increase in the proportion of civil engineering companies that want to expand their capacities (from 20 percent to 22 percent) could indicate that civil engineering is preparing for an increase in public contracts.

A look at the different **company size categories** shows that large companies (more than 1,000 employees) stand out positively with their predominantly expansive investment plans: while just under one in three companies (31 percent, down from 33 percent) plans to increase investment, 23 percent want to invest less (previous survey: 22 percent). The balance has fallen slightly by three points since early summer to currently plus eight points. The balance is four points below the long-term average. By contrast, the investment plans of small and medium-sized enterprises are significantly more restrictive: with a balance of minus ten points (previously minus nine points), companies with up to 200 employees are also more cautious in the Fall than the average for the economy as a whole (balance of minus nine). The balance for companies with 200 to 1,000 employees is now also in negative territory at minus three points (previously plus one point).

However, there are also industry-specific differences within large companies: the investment plans of industrial companies with more than 1,000 employees are turning negative. The balance has fallen from plus three in early summer to minus six points. This is well below the long-term industry average of plus nine points. Large companies in the service sector – predominantly financial, insurance and business service providers – are, on the other hand, slightly expanding their investment budgets, with the balance rising by two points to 25, which is well above the long-term average (balance of 15 points). Regardless of the industry, the most important investment motives are replacement demand (overall economy 65 percent, Manufacturing Industry 68 percent, service providers 58 percent) and rationalisation (overall economy 46 percent, Manufacturing Industry 48 percent, service providers 44 percent).

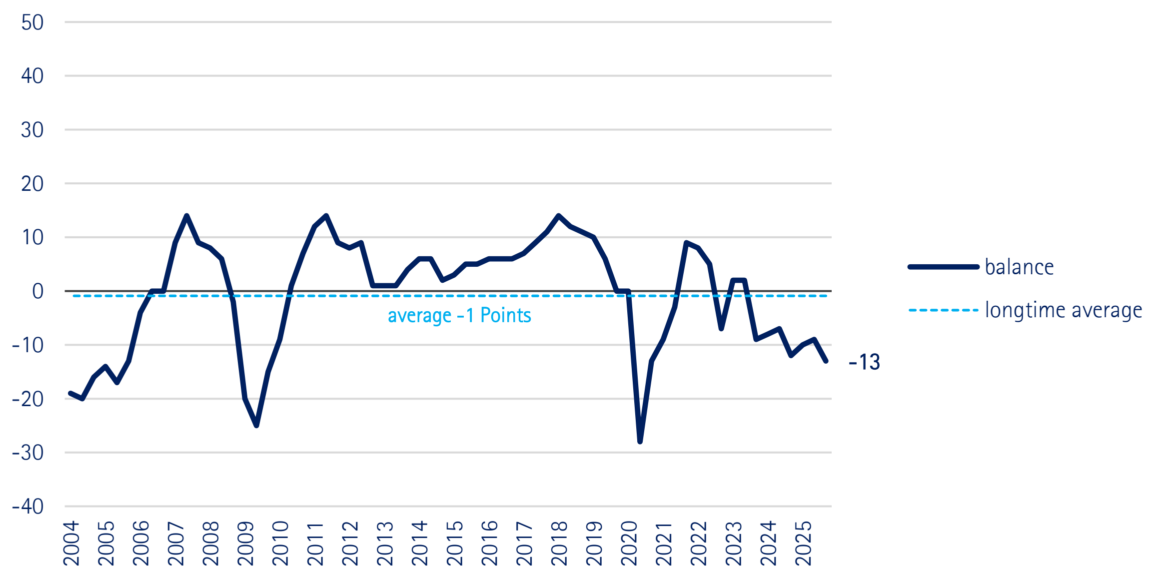
Companies' employment plans

The ongoing economic downturn and gloomy business expectations are impacting companies' employment plans. Eleven percent plan to expand their workforce (previously 13 percent), while 24 percent expect a decline (previously 22 percent). At minus 13 points, the balance is at its lowest level since the coronavirus pandemic. Compared to the previous survey in early summer, this represents a decline of four points, and compared to the previous year, a decline of one balance point. The long-term average is minus one point.

In addition to weak economic development and considerable uncertainties such as Economic policy, geopolitical risks and developments in global trade, high labour costs often stand in the way of job creation. The latter have become one of the most frequently cited business risks (56 percent) – especially in labour-intensive industries. Of the companies planning to reduce their workforce, as many as 68 percent see labour costs as their main business risk. Not least, the increase in the minimum wage is causing many companies to be cautious in their staffing plans. This is due not only to the wages directly affected, but also to the pressure exerted by the increase on higher wage groups and thus on the wage structure as a whole.

Companies' employment plans

(Balance of higher minus lower responses, long-term average since 2003)



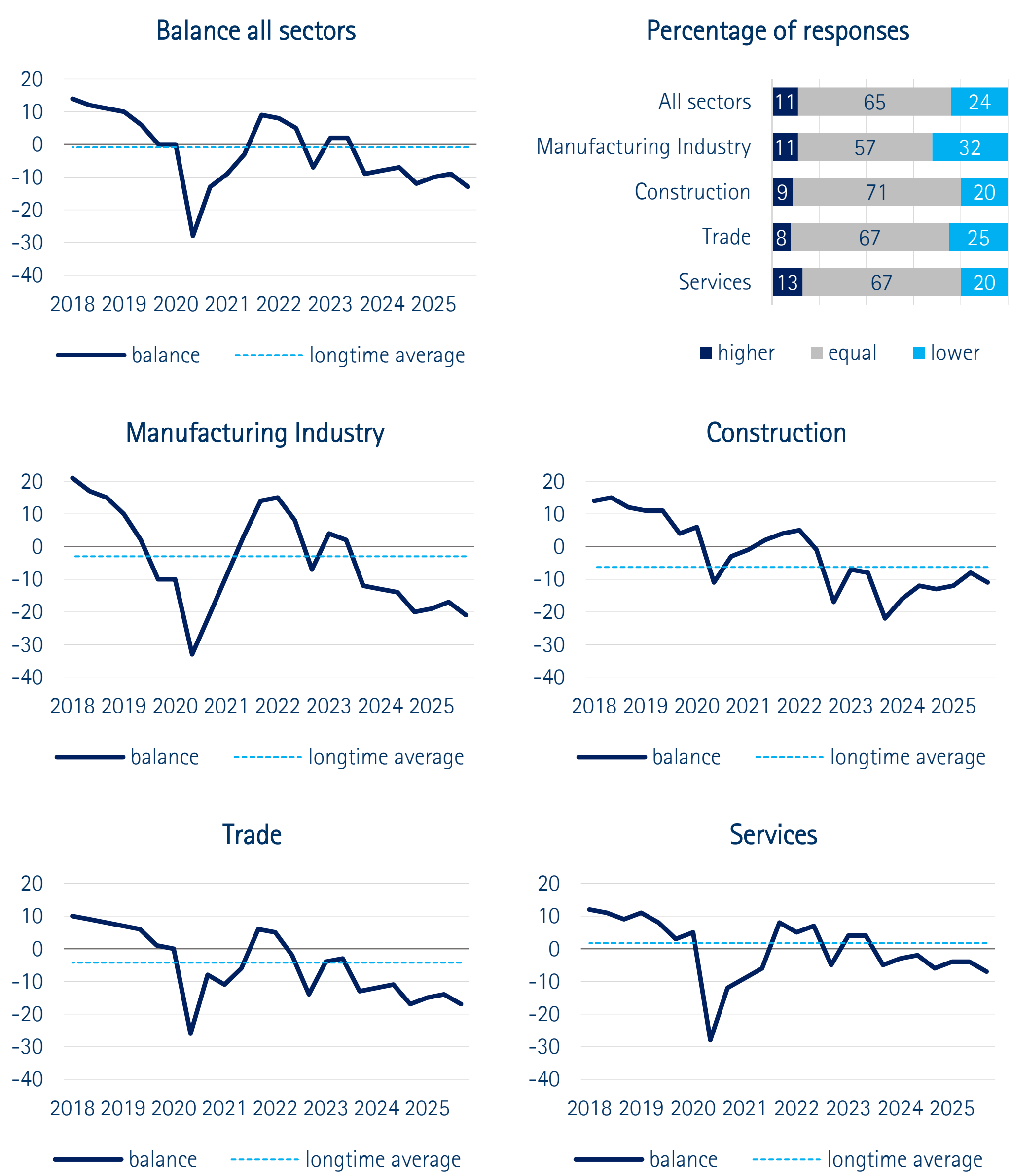
In the **Manufacturing Industry**, the signs continue to point to job cuts. Only one in ten companies (unchanged at 11 percent) expects to increase its workforce. The proportion of industrial companies planning to reduce their workforce rose from 28 to 32 percent. The balance has fallen by four points to minus 21 points. This is the lowest figure since the coronavirus pandemic. Compared with the previous year, plans have declined by one balance point (minus 20 points in early summer 2024).

The employment situation remains particularly tense in key core areas of the German Manufacturing Industry. In mechanical engineering, plans have declined from minus 20 to minus 22 points, while in machine tool manufacturing there has been an improvement in the balance at a very low level (minus 45 points, previously minus 51). Nevertheless, only five percent of companies are planning to increase their workforce, while 50 percent are expecting to reduce it. In automotive manufacturing, the employment balance continues to slide, from minus 38 to minus 51 points. The economic downturn and structural change, high energy prices and weak foreign trade, which is also characterised by high uncertainty, are having a significant impact here. The few manufacturing industries that are still planning to increase their workforce include energy suppliers and the pharmaceutical industry, although employment plans have also deteriorated significantly here. Among energy suppliers, the balance has fallen from 26 to seven points. In the pharmaceutical industry, where companies had previously announced significant staff increases, the employment balance has fallen from 19 to four points . Companies in this industrial sector are particularly affected by the US customs threats.

In **the construction industry**, hiring intentions are declining slightly. However, the decline of three points to minus eleven is within the normal seasonal range. Compared to the previous year, there is still an increase of two points. The long-term average is minus six points. Civil engineering still performs best in terms of employment plans within the construction sector. At minus eight points (after minus three points in the previous survey), the balance is only slightly below the long-term average (minus seven points). The special fund for infrastructure investments planned by the new federal government for the coming years is likely to increase demand for civil engineering services and the corresponding personnel. However, a shortage of labour and skilled workers is also a specific bottleneck factor in the construction industry – at 59 percent, the proportion of companies for which the lack of skilled workers is a significant business risk is well above the average for the economy as a whole (45 percent).

Companies' employment plans

(Balance of higher minus lower responses, long-term average since 2003)



Service providers' hiring intentions have fallen by three balance points to minus seven compared with the previous survey, which represents a decline of one point year-on-year. 13 percent want to expand their workforce, while 20 percent expect to reduce it. In the hospitality industry, most businesses expect to see a decline in employee numbers. The balance has fallen by four points to minus 21 compared to the previous survey. This is also two points lower than a year ago. Personnel costs are weighing particularly heavily on staffing plans in the hospitality industry. The increase in the minimum wage is a challenge for the sector. In contrast, financial and insurance service providers have slightly positive employment plans. Although the balance is only just above zero at one point (previously six points), compared to the long-term industry average of minus 14 points, the signs in the industry point to an increase in staffing levels. In the transport and storage sector, employment plans are below average. The balance is minus eleven points. This is slightly higher than in early summer and six points higher than in the previous year. Recruitment agencies and temporary employment agencies also expect employee numbers to fall. The balance remains at minus five points. The long-term average is significantly higher at plus 19 points. This indicates that a reversal of the trend is not to be expected on the labour market in the short term.

In **the retail sector**, high labour costs on the one hand and consumer restraint due to uncertainty on the other are weighing on companies' employment plans. While 8 percent of companies plan to increase their workforce, 25 percent expect a decline. The balance fell by three points to the previous year's level (minus 17 points). The differences between retail (balance down from minus 13 to minus 17 points) and wholesale (balance down from minus 14 to minus 18 points) are small here.

DIHK forecast for economic development in Germany

Use of gross domestic product (GDP) in Germany

Change compared to previous year, in percent, price-adjusted, chained

	2024	DIHK forecast 2025	DIHK forecast 2026
GDP	-0.5	0	0.7
Household final consumption expenditure	0.5	1.0	0.5
Government final consumption expenditure	2.6	2.0	2
Gross fixed capital formation	-3.3	-0.8	1.6
- Gross fixed capital formation in machinery and equipment	-5.4	-2.5	0.5
- Other fixed assets	0.2	4.0	3.5
- Gross fixed capital formation in construction	-3.4	-1.5	1.5
Exports (goods and services)	-2.1	-1.0	0
Imports (goods and services)	-0.6	3.0	1.5
Employment (change in thousands)	+52	0	-50
Consumer prices	2.2	2.2	2.2

Questionnaire Fall 2025

How would you assess the current situation of your company?

- Good business situation
- Satisfactory business situation
- Poor business situation

What developments do you expect for your company in the next 12 months?

- Improved business situation
- unchanged business situation
- Worse business situation

Where do you see the greatest risks for the economic development of your company over the next 12 months? (Multiple answers possible)

- Domestic demand
- Foreign demand
- Funding
- Labour costs
- Lack of skilled workers
- Exchange rate
- Energy and raw materials
- Economic policy

How do you expect exports to develop for your company over the next 12 months?

- Higher exports
- Exports will remain the same
- Lower exports

How do you expect your company's domestic investment expenditure to develop over the next 12 months?

- Higher expenditure
- Unchanged expenditure
- Lower expenditure

What are the main motives behind your company's planned domestic investments for the next 12 months? (Multiple answers possible)

- Rationalisation
- Product innovation
- Capacity expansion
- Environmental protection
- Replacement needs

How do you expect the number of employees in your company in the UK to develop over the next 12 months?

- Higher number of employees
- Same number of employees
- Lower number of employees

Methodology

The DIHK results are based on surveys of companies conducted by a total of 79 chambers of commerce and industry (IHKs). In the fall 2025, the IHKs evaluated around **23,000 responses**. The regional evaluations of the IHKs can also be found online at www.dihk.de/konjunktur.

By economic sector, the responses are distributed across the Manufacturing Industry (26 percent), construction (seven percent), trade (21 percent) and services (47 percent). The classification of industries and economic sectors in the DIHK economic survey is based on the classification of economic sectors used by the Federal Statistical Office (WZ). The WZ 2008 classification will be used until the survey in early summer 2025. From fall 2025 onwards, the classification will be based on the WZ 2025.

The responses are broken down by company size as follows: 39 percent of companies with up to nine employees, 14 percent of companies with ten to 19 employees, 37 percent of companies with 20 to 199 employees, six percent of companies with 200 to 499 employees, two percent of companies with 500 to 999 employees, and two percent of companies with more than 1,000 employees.

The Chambers of Industry and Commerce design their sample in such a way that it provides a representative picture of the mood in the local commercial economy (stratified sample based on industry, region and company size). Aggregation at federal level is carried out using regional and industry-specific weighting. The responses to the regular economic questions (see questionnaire) from establishments with more than 500 employees are weighted by a factor of 2, and the responses from establishments with more than 1,000 employees are weighted by a factor of 3. No weighting by size class is applied to business risks. For additional questions, size class weighting is omitted if the unweighted share of companies is more meaningful.

When asked about business risks, companies can write a free text response for the answer option 'Economic policy'. In the current survey, there were around 6,000 free text responses. These were categorised as precisely as possible based on the terms mentioned and the topics covered. The most frequent responses are presented as a word cloud. The larger a term is, the higher the number of free text responses on that topic.

The IHK economic climate indicator is calculated as the geometric mean of the situation and expected balances. The indicator therefore has the following mathematical form:

$$\sqrt{(L_1 - L_3 + 100) * (E_1 - E_3 + 100)}$$

where L_1represents the proportion of companies with a positive assessment of the current situation, $L_{(3)\ \text{represents}}$the proportion of companies with a negative assessment of the current situation, E_1represents the proportion of companies with better business expectations and $E_{(3)\ \text{represents}}$the proportion of companies with worse expectations.

The survey took place **from 8 September 2025 to 2 October 2025**.