
5. Report on expected developments

5.1 Expected economic and sales market trends

The International Monetary Fund (January 2017) currently expects the global economy to gather momentum somewhat in 2017, growing by 3.4 %. Oxford Economics (January 2017) is also forecasting a more dynamic economy with a growth rate of 3.3 %. In light of these forecasts, the Schaeffler Group anticipates global economic growth of a good 3 % in 2017.

The expected development of the global economy is subject to a number of uncertainties. The plans of the new U.S. administration include measures that could strengthen the U.S. economy while also stimulating the global economy. However, a full reversal of the U.S. trade policy could hamper growth in world trade. In Europe, the exit negotiations between the United Kingdom and the European Union are expected to start in the spring. In addition, a number of important elections will take place in 2017, including those in the Netherlands, France, and Germany. As a result, the rise of anti-European forces clearly demonstrated in the referendum in the United Kingdom poses a threat that the already extensive political uncertainty will be aggravated further. In addition, problems remain unsolved in the European Union banking sector, particularly in Italy. As well, China is still susceptible to an unexpected economic downturn. The massive increase in the volume of corporate debt in recent years is particularly critical in this regard, as it increases the risk of a sudden destabilization – in the form of a banking crisis and/or a considerable slump in growth.

Based on the forecasts of research institute IHS (February 2017), the Schaeffler Group expects to see global automobile production, measured in terms of the number of passenger cars and light commercial vehicles produced, increase by approximately 1.5 % in 2017. The Schaeffler Group's growth expectation for automobile production in the Europe region is approximately comparable, while automobile production in the Americas region is expected to decline by approximately 1 %. For the Greater China and Asia/Pacific regions, the Schaeffler Group expects growth of approximately 3 % and 2 %, respectively.

The Schaeffler Group anticipates slightly higher growth in industrial production in 2017 than in 2016 (Oxford Economics, December 2016).