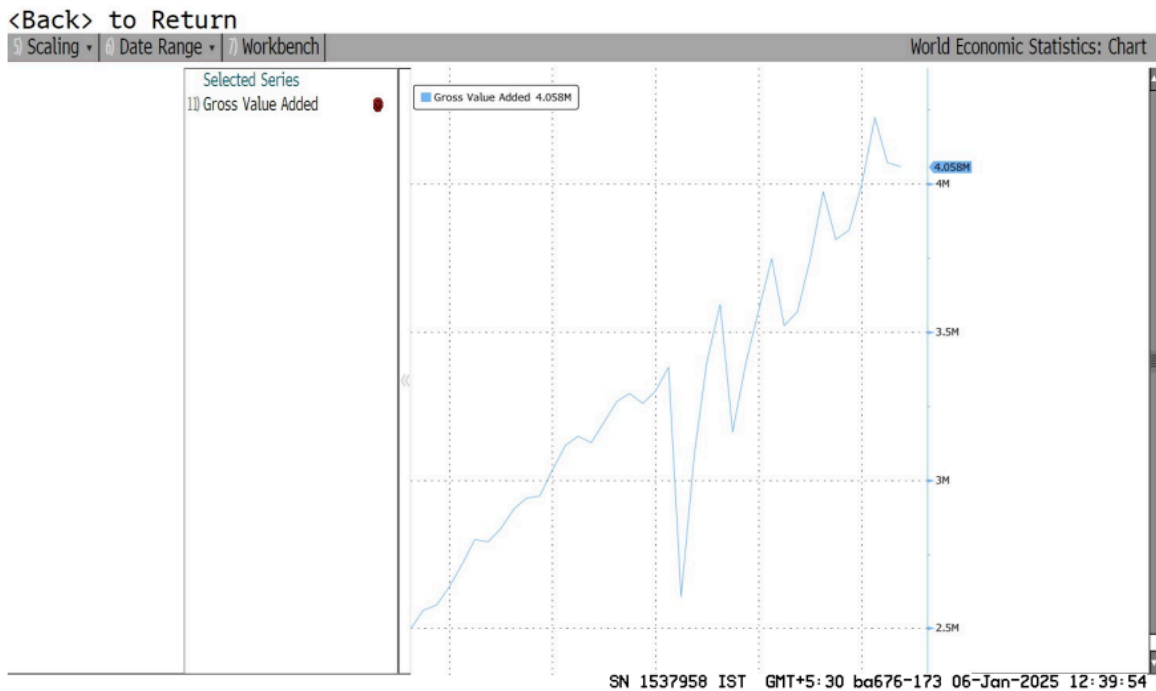
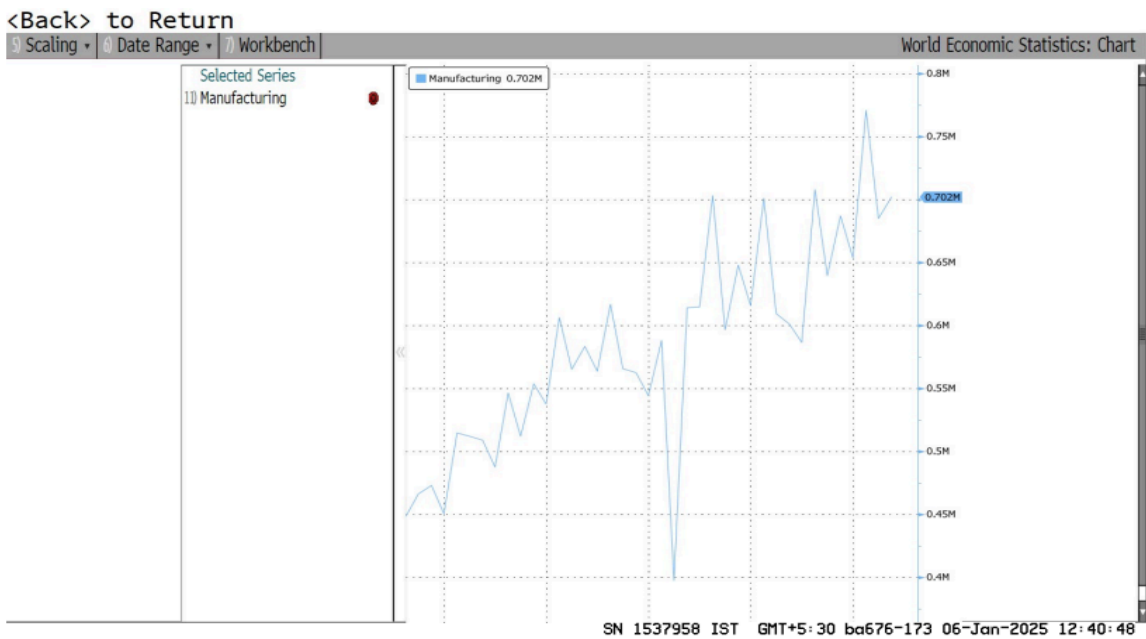


COUNTRY 1 : **INDIA**

## GROSS VALUE ADDED



## GROSS VALUE ADDED IN MANUFACTURING SECTOR



Country	India			
Category	Real GDP by Industry			
Source	Central Statistics Office India			
Transformation	Value NSA			
Frequency	Quarterly			
Data Set	By Industry (Quarterly)			
	Ticker	Field	Q3 2024	Q2 2024
Gross Domestic Product (INR, 10 Millions)	IGQREGDP	PR005	4410323	4363732
Gross Value Added	IGQRTOT	PR005	4057697.39	4072734
Agriculture, Forestry and Fishing	IGQRAGR	PR005	456279	532092.17
Mining and quarrying	IGQRMIN	PR005	68860.88	91691.48
Manufacturing	IGQRMAN	PR005	701960.73	684792.14
Electricity, Gas And Water Supply	IGQRELE	PR005	100922.31	103804.51
Construction	IGQRCON	PR005	344639.76	369926.86
Trade, Hotels, Transport & Communication	IGQRTRD	PR005	750198.14	681941.62
Financing, Insurance, Real Estate & Business Services	IGQRFIN	PR005	1080050.58	1089218.59
General public administration activities	IGQRPUB	PR005	554786	519266.67

## ANALYSIS

India's Gross Domestic Product (GDP) during Q3 2024 was ₹44,10,323 crore, higher than ₹43,63,732 crore during Q2 2024. This quarter-on-quarter growth is an indicator of a consistent expansion of economic activity owing to various sectors contributing to overall value addition. The rise in GDP indicates the resilience of India's economic growth in the face of global uncertainties like geopolitical tensions, inflationary pressures, and volatile commodity prices.

### KEY FACTORS FOR POSITIVE GDP GROWTH

- **Strong Domestic Demand:** India's economy keeps on drawing growth from increasing domestic consumption, driven by urbanization, rising disposable income, and government stimulus schemes.
- **Government Expenditure:** Increased government spending in infrastructure, defense, and social welfare programs has been a driving force behind overall economic activity.
- **Bouncing Back of the Services Sector:** The services sector, led by Financing, Insurance, Real Estate & Business Services, continued to be the largest contributor and expanded from ₹10,80,050 crore to ₹10,89,218 crore quarter-on-quarter.

### MANUFACTURING SECTOR PERFORMANCE IN INDIA

The Manufacturing sector also recorded significant growth, from ₹6,84,792 crore in Q2 2024 to ₹7,01,960 crore in Q3 2024. The trend indicates an increase in industrial output, reflecting the government's drive to enhance domestic production under programs like "Make in India" and PLI (Production-Linked Incentive) schemes. Some key features include:

- **Resurgence in Industrial Production:** Increased demand for consumer durables, electronics, and automobiles has propelled manufacturing activity.
- **Government Support:** Production-Linked Incentive (PLI) schemes in industries such as semiconductors, electronics, and automotive components have fostered domestic manufacturing.
- **Relief in Supply Chain:** Resolution of supply chain problems, especially raw materials and logistics, has led to increased industrial production.

- **World Demand:** Increasing exports of pharmaceuticals, engineering goods, and textiles have been the drivers of sectoral growth.

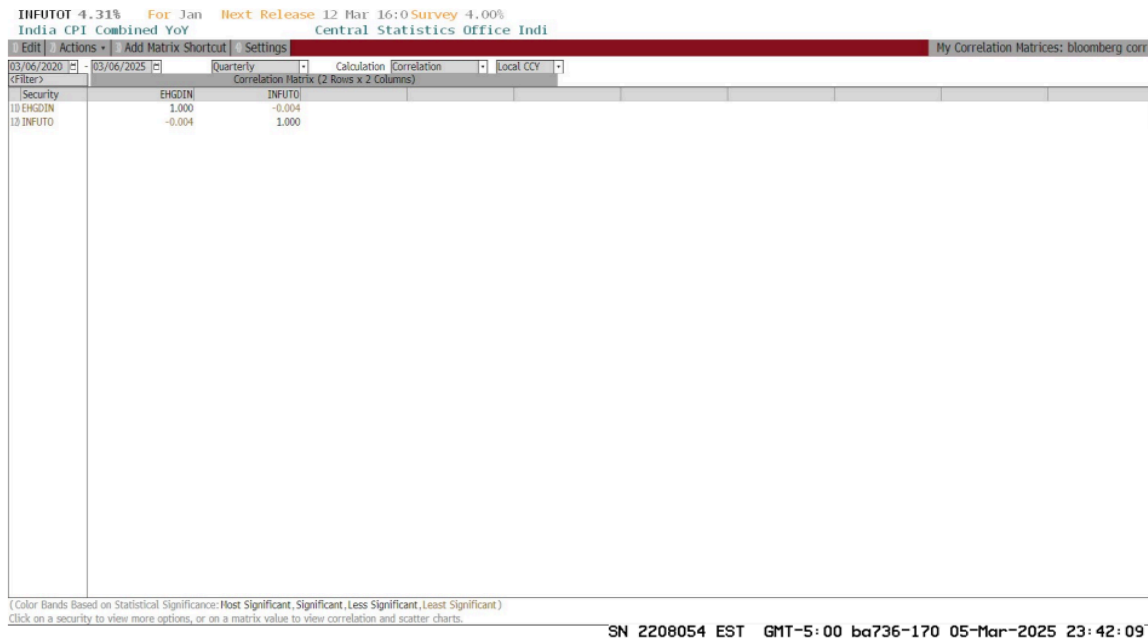
#### **FEW KEY CHALLENGES FACED BY SECTOR IN COUNTRY**

- **High Input Prices:** Inflationary pressures on raw materials, energy, and transport still test manufacturers.
- **Slowing Down of Global Economy:** Lower demand from major export markets like the US and Europe could affect future growth momentum.
- **Regulatory Barriers:** Bureaucratic processes and compliance costs still act as constraints for small and medium-sized enterprises (SMEs).

The Indian government has taken various measures to boost economic growth, especially in the manufacturing and infrastructure industries:

- The Union Budget for 2024-25 provided [₹11.21 lakh crore for capital expenditure](#), with the intention of increasing infrastructure development, which indirectly benefits industries like manufacturing and construction.
- The government widened the PLI scheme to cover sectors such as electric vehicles (EVs), semiconductors, and renewable energy. These schemes promote domestic manufacturing and draw foreign direct investment (FDI), supporting India's vision of becoming a world manufacturing hub.
- India's merchandise exports have been steady despite economic uncertainties across the world, with sectors like pharmaceuticals, electronics, and auto components showing robust growth. Government trade policies like export incentives and free trade agreements (FTAs) with major partners have helped ensure competitiveness in international markets
- The Reserve Bank of India (RBI) has adopted a cautious interest rate policy to balance industrial growth with inflation control. The Monetary Policy Committee (MPC) has left the [repo rate unchanged at 6.5%](#) to keep credit flowing to industries while controlling inflationary risks.

## CORRELATION IN GDP AND INFLATION



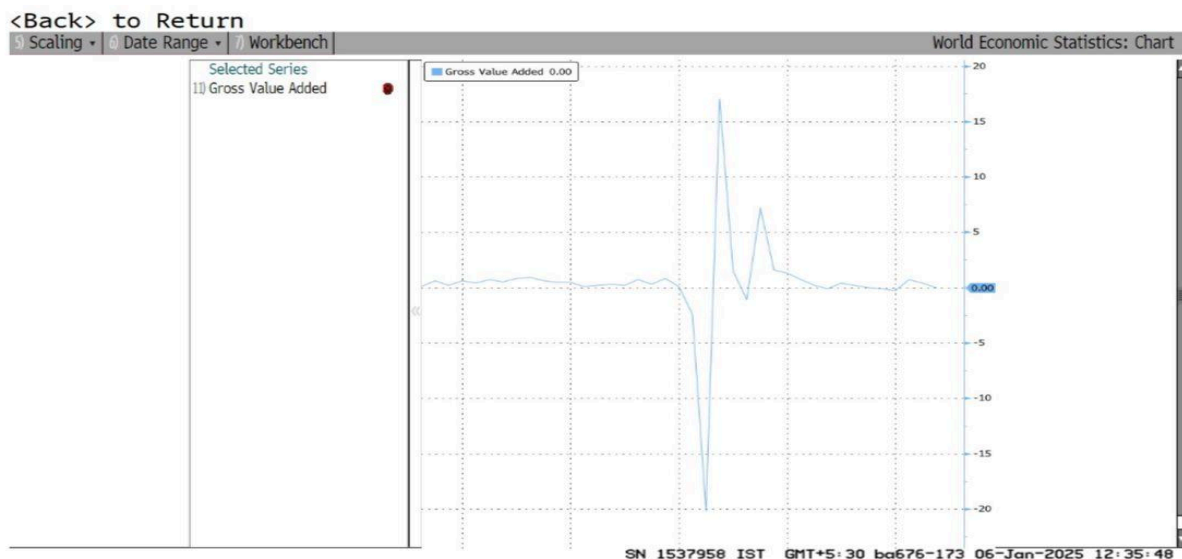
The relationship between India's GDP growth and inflation is a key determinant of the macroeconomic environment. The Bloomberg correlation matrix indicates a zero correlation **(-0.004)** between the two variables during the period under observation ( 2020 – 2025), **indicating that India's GDP growth and inflation have not been strongly linearly related over this period.** The **low correlation** suggests that India's GDP growth has remained relatively **resilient to inflationary fluctuations.** A negative close-to-zero correlation would mean that inflation has a minimal effect on GDP growth in a systematic way, suggesting other drivers like monetary policy, sectoral differences, and external economic forces have a greater influence in determining the Indian economic path.

## POSSIBLE REASON FOR THIS CORRELATION VALUE

The Reserve Bank of India (RBI) has adopted a proactive monetary policy with the intent of keeping inflation at a target level while aiding economic growth. Through the decision to maintain the repo rate at 6.5% in Q1 2025, the RBI has tried to achieve a balance in liquidity in the economy so that the cost of borrowing is steady for businesses as well as individuals. This has the effect of averting runaway inflationary forces without discouraging investment and economic activity. Further, the RBI's intervention in the foreign exchange market and liquidity management instruments have helped stabilize inflation without hurting GDP growth much.

## COUNTRY 2: UNITED KINGDOM (UK)

### GROSS VALUE ADDED

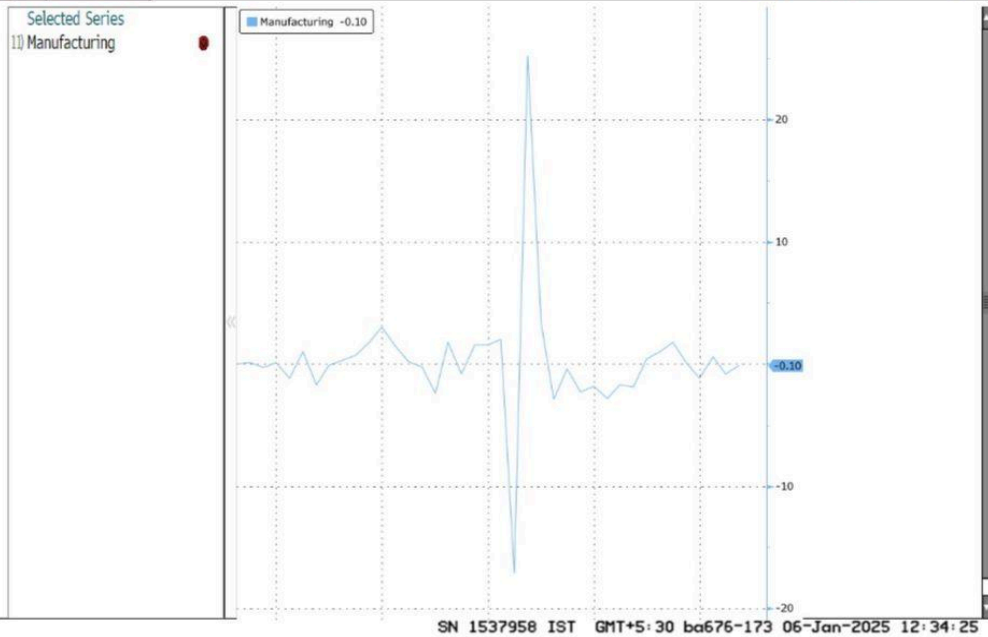


### GROSS VALUE ADDED IN MANUFACTURING SECTOR

<Back> to Return

Scaling ▾ Date Range ▾ Workbench

World Economic Statistics: Chart



Country		United Kingdom		
Category		Real GDP by Industry		
Source		UK Office for National Statistics		
Transformation		QoQ% SA		
Frequency		Quarterly		
Data Set		Index		
	Ticker	Field	Q3 2024	Q2 2024
Gross Value Added			0	0.4
Agriculture, Forestry and Fishing	UKGZGDQ1	PR005	0.9	0.6
Crop and animal production, hunting and related service activities			1.3	0.7

Forestry and logging			0.1	0
Fishing and aquaculture			-4	-0.7
Production and Construction			0	-0.4
Production Industries	UKGZCKQ4	PR005	-0.4	-0.5
Mining and quarrying	UKGZCKQ1	PR005	-0.3	-1.4
Manufacturing	UKGZCKQ2	PR005	-0.1	-0.8
Electricity, gas, steam and air conditioning supply	UKGZL2MQ	PR005	-2	1.2
Water supply; sewerage, waste management and remediation activities	UKGZL3DQ	PR005	-1.3	2.1
Construction	UKGZGDQ2	PR005	0.7	-0.2
Construction of buildings			0.7	-0.2
Civil engineering			0.7	-0.2
Specialised construction activities			0.6	-0.2
Services	UKGZGDQ7	PR005	0	0.5
Distribution, Transport, Hotels and Restaurants			0.1	0.3
Distribution, Hotels and Catering, Repairs	UKGZGDQ3	PR005	0.4	-0.1
Finance and Business Services	UKGZGDQ5	PR005	-0.1	0.4
Government and Other Services	UKGZGDQ6	PR005	0.2	0.3
Transportation and Storage; Information and Communication	UKGZGDQ4	PR005	-0.3	2.5

Private Non-Distribution Services			-0.2	0.7
Service Industry Detail				
Wholesale and retail trade; repair of motor vehicles and motorcycles			0.5	-0.1
Wholesale and retail trade and repair of motor vehicles and motorcycles			0.3	-1.5
Wholesale Trade excluding Motor Vehicles			-0.6	0.6
Retail trade excluding motor vehicles, motorcycles and fuel			1.4	-0.2
Transportation and storage			-0.9	1.8
Land transport and transport via pipelines			-0.8	2.9
Rail Transport			0.9	0.3
Land Transport Services & Transport Services via Pipelines excl Rail Transport			-1.1	3.4
Water transport			1.7	8.8
Air transport			-3.2	5.9
Warehousing and support activities for transportation			0	-0.1
Postal and courier activities			-3.4	-1.2
Accommodation and food service activities			0.1	-0.2

Accommodation			2	-1
Food and beverage service activities			-0.6	0.2
Information and communication			0	2.9
Publishing Audiovisual and Broadcasting Activities			1	2.8
Publishing activities			1.7	1.1
Video & TV Programme Prod, Sound & Music Publishing, Programming & Broadcasting			0.7	3.7
Motion picture, video and television programme production, sound recording and m			-1	3.2
Programming and broadcasting activities			3.7	4.7
Telecommunications			-2.4	1.6
Information Technology and Other Information Service Activities			0.7	3.6
Computer programming, consultancy and related activities			0.4	4.2
Information service activities			2.2	0.6
FINANCIAL AND INSURANCE ACTIVITIES			-0.6	-0.5

Financial service activities, except insurance and pension funding			-1.3	-1.3
Insurance, reinsurance and pension funding, except compulsory social security			0.4	0.5
Insurance and Reinsurance except Compulsory Social Security			0.4	0.5
Pension funding			--	--
Activities auxiliary to financial services and insurance activities			0	0
Real estate activities			0.2	0.3
Buying and selling of own real estate			-0.4	-1.2
Imputed Rental			0.4	0.6
Real estate activities on a fee or contract basis			0.4	4.8
Professional and Support Service Activities			0	1
Professional, scientific and technical activities			0.4	1.2
Legal, Accounting, Management and Architecture Engineering Technical Testing			0.3	0
Legal & Accounting, Activities of Head Offices & Management Consultancy Act			1.1	-0.9

Legal and accounting activities			1.2	-0.6
Legal activities			0.2	1
Accounting, bookkeeping and auditing activities; tax consultancy			2.5	-2.7
Activities of head offices; management consultancy activities			0.9	-1.5
Architectural and engineering activities; technical testing and analysis			-2.4	3.4
Residential care activities			0.5	-0.9
Scientific research and development			2.7	10.3
OTHER PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES			-0.7	0.1
Advertising and market research			0.1	2.6
Professional, Scientific & Technical Activities n.e.c/ Veterinary Activities			-1.8	-2.9
Other professional, scientific and technical activities			-2	-5
Veterinary activities			-1.2	2.5

Administrative and support service activities			-0.7	0.9
Rental and leasing activities			1.1	-2.3
Employment activities			-1.8	1.3
Travel agency, tour operator and other reservation service and related activitie			-2.6	2.2
Security & Investigation, Services to Buildings &Landscape, Office Admin&Support			-0.7	2
Security and investigation activities			5.9	3.1
Services to buildings and landscape activities			-2.8	1.3
Office administrative, office support and other business support activities			-0.4	2.2
Government, Health and Education			0.5	0.5
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY			0.6	0.4
Education			0.6	0.6
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES			0.5	0.4

Human health activities			0.6	0.6
Residential Care and Social Work Activities			0.1	0.1
Social work activities without accommodation			-0.2	0.8
Other Services			-2.1	-0.9
ARTS, ENTERTAINMENT AND RECREATION			-2.4	-2.1
Creative Arts & Entertainment, Libraries, Museums & Other Cultural Act & Gambling			-3.6	-1.5
Creative, arts and entertainment activities			-6.7	-1.2
Libraries, archives, museums and other cultural activities			1.4	-1.5
Gambling and betting activities			-0.7	-1.7
Sports activities and amusement and recreation activities			-1.1	-2.8
OTHER SERVICE ACTIVITIES			-1.8	0
Activities of membership organisations			1.6	-1.7
Repair of computers and personal and household goods			-4	0.6
Other personal service activities			-3.1	0.7

Activities of Households as Employees			0	-0.6
MEMO:				
Gross Value Added at Basic Prices	UKGRCGEQ	PR005	0	0.4
Market Sector			-0.1	0.5
Excluding Oil and Gas			0	0.4

## ANALYSIS

United Kingdom's Q3 2024 Gross Value Added (GVA) increased by 0.4%, by 0.0% of Q2 2024, as the economy's growth was modest after the world exerted pressures in all directions in terms of supply bottlenecks, inflation, and geopolitical tensions. Domestic demand remained flat, but external uncertainties also affected the wider economic beat. Policy intervention and government spending boosted growth while inflation pressure and energy costs were the source of concern. Business investment and exports remained patchy reflecting the realignment of global market conditions and world trade. It will have to balance monetary measures, fiscal stimulus, and institutional reforms to stabilize the economy.

## KEY FACTORS FOR MODERATE GDP GROWTH

- **Consumer Spending:** UK household spending remains a robust spur to the UK economy, bolstered by a fairly robust labour market and stimulus by the government.
- **Government Spending:** Government investment in infrastructure development and major industries has been adding to the stimulus to economic activity.

- **Services Sector:** The UK flagship services sector, i.e., Financial and insurance activities, remains a strong pillar with growth significantly rising from £47,668 million to £48,200 million quarter-on-quarter.

## MANUFACTURING SECTOR PERFORMANCE IN THE UK

The manufacturing sector recorded **0.8% growth in Q3 2024**, indicating a slowdown but not stagnation. While rising costs and weak external demand remained challenges, some areas of the sector continued to expand.

- **Production Trends:** Industrial production did not register growth as consumer and automotive demand remained flat with high operating costs and weak export orders.
- **Government Policies:** Targeted tax relief and investment incentives to stimulate domestic production have had little effect on arresting stagnation.
- **Supply Chain Issues:** Even with improved logistics, manufacturers are still burdened with high energy and material prices.
- **Exports and World Demand:** Sectors such as aerospace and pharmaceuticals held up demand, even though growth in overall exports was tempered by low world orders and slowdown of the world economy.

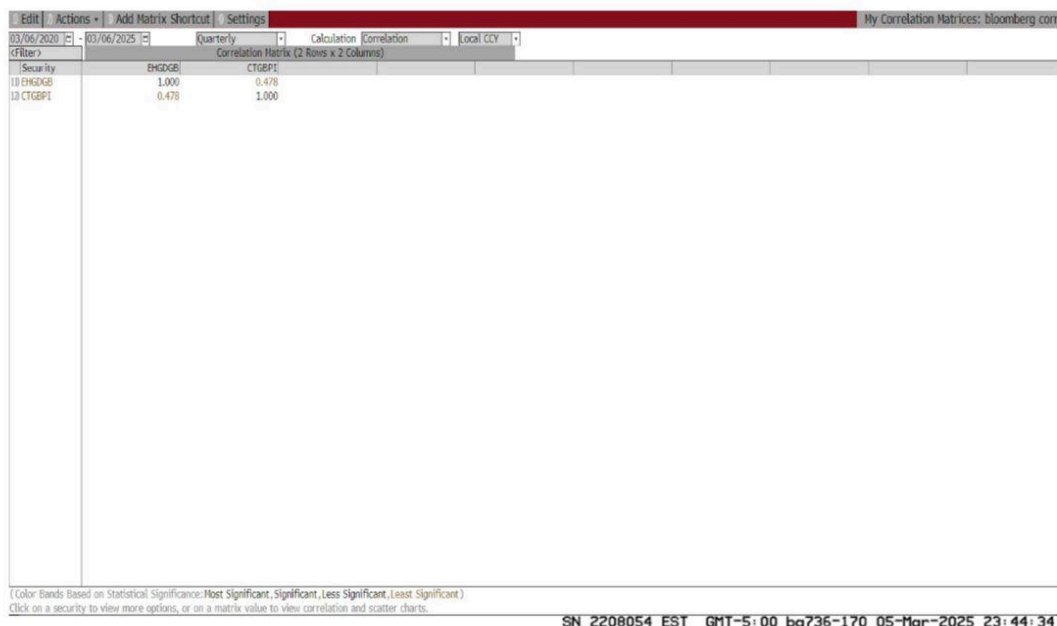
## FEW KEY CHALLENGES FACED BY SECTOR IN COUNTRY

- **High Energy Costs:** Rising energy prices are a specific worry for manufacturers, and they might help increase the cost of production and non-competitiveness.
- **Global Economic Slump:** Struggling demand in key export markets like the United States and European Union can slow growth going forward.
- **Labour Shortage:** Skills shortages and labour shortages within specific manufacturing sub-sectors continue to be a problem.
- **Inflationary Pressures:** Inflation pressures on raw materials, transport, and labour are eating into manufacturing margins and costs.

## UK GOVERNMENT INITIATIVES AND MONETARY POLICY

- **Fiscal Policies:** Fiscal stimulus for economic growth has been initiated by the government, such as relief on business investment, increased public spending on transport infrastructure, and research and development grants in focus areas.
- **Industrial Strategy:** The industrial strategy of the UK is to drive high-tech manufacturing, innovation, and skills ([Industrial Strategy - GOV.UK, 2024](#)). These are advanced manufacturing support, green technology, and the digital economy.
- **Monetary Policy:** Bank of England monetary policy choices have a significant role in controlling inflation and maintaining economic stability ([Monetary Policy, 2025](#)). The Monetary Policy Committee (MPC) is always on its toes with close monitoring of economic data to make the right choices on interest rates and quantitative easing

## CORRELATION IN GDP AND INFLATION



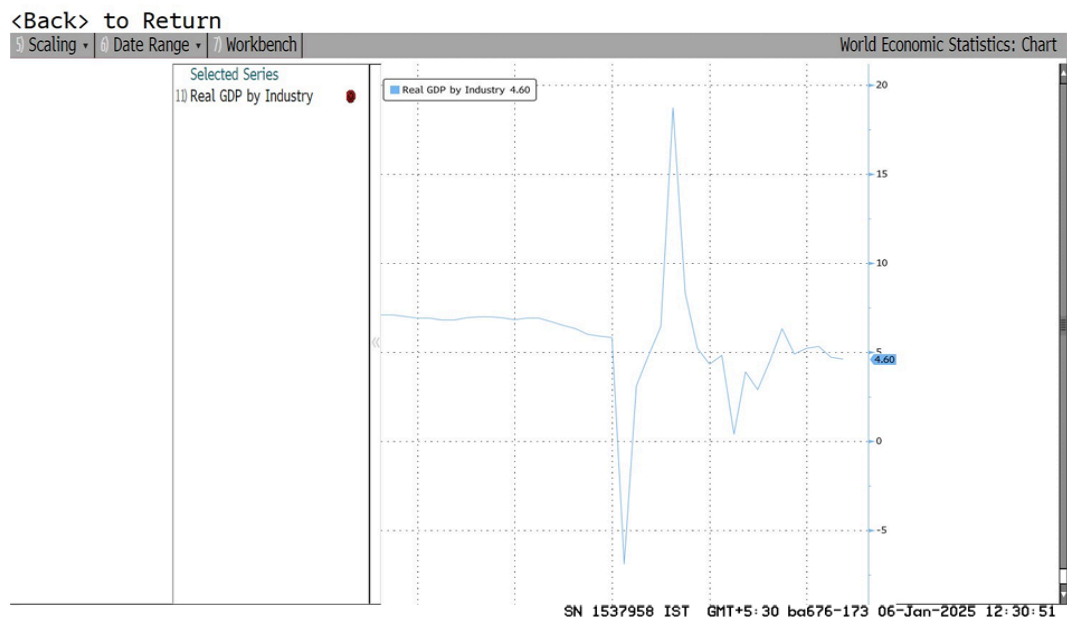
The correlation between UK GDP growth and inflation is key to the macroeconomic environment. The Bloomberg correlation matrix shows **a positive correlation value of 0.478** between the variables under observation (03/06/2020 – 03/06/2025), such that, on average, greater GDP growth has been with greater inflation, and the same can be said about the latter. In the UK, the variables are a little more correlated, or trend in similar direction with comparable strength, and have related forces that make these rates move upwards and downwards

#### **POSSIBLE REASONS FOR THIS CORRELATION VALUE**

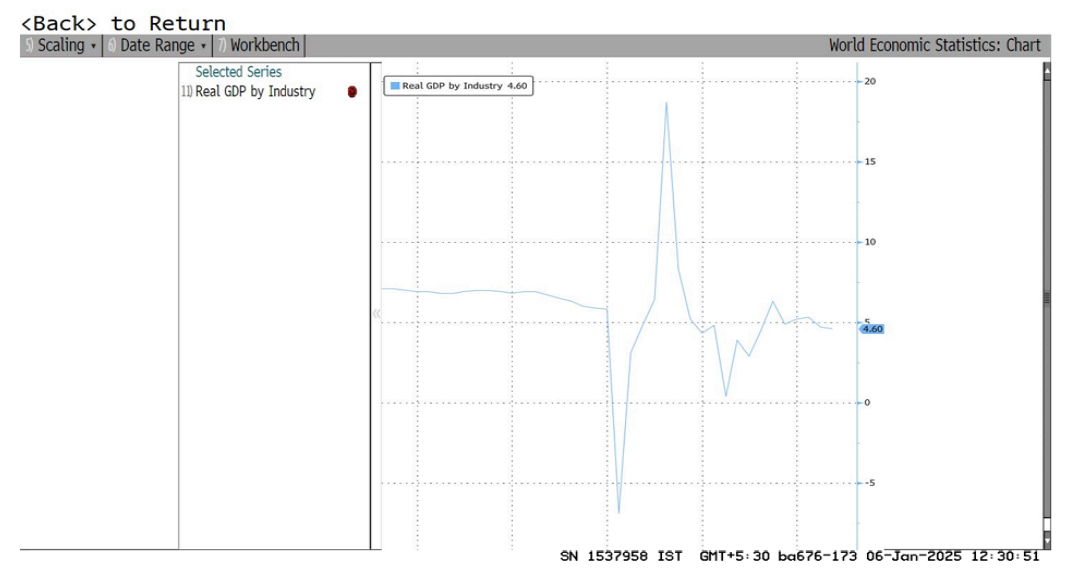
- **Demand-Pull Inflation:** More economic growth makes people want more goods and services, which tends to increase prices and cause demand-pull inflation. It is a very old macroeconomic relationship.
- **Cost-Push Inflation:** Inflation periods, fueled by increases in input prices (such as the cost of energy), may sometimes overlap with growth phases since the firms will pass on the increased cost to the buyers, and the aggregate production value in nominal terms is higher.
- **Monetary Policy:** Monetary policy of the Bank of England can affect inflation and GDP growth. When the Bank of England lowers interest rates to stimulate economic growth, this also leads to higher inflation.

COUNTRY 3- CHINA

GROSS VALUE ADDED



GROSS VALUE ADDED IN MANUFACTURING SECTOR



Country	China			
Category	Real GDP by Industry			
Source	National Bureau of Statistics of China			
Transformation	YoY% NSA			
Frequency	Quarterly			
Data Set	By Industry (Quarterly)			
	Ticker	Field	Q3 2024	Q2 2024
Real GDP by Industry	CNGDPYOY	PR005	4.7	5.3
Primary Industry	CNGDPRIY	PR005	3.6	3.3
Secondary Industry	CNGDSEY	PR005	5.6	6
Tertiary Industry	CNGDTEY	PR005	4.2	5
BY INDUSTRY				
Farming, Forestry, Animal Husbandry & Fishery	CNGDNOAY	PR005	3.8	3.5
Industry	CNGDNBEY	PR005	5.9	6
Manufacturing	CNGD0CY	PR005	6.2	6.4

Construction	CNGDN0FY	PR005	4.3	5.8
Wholesale & Retail Trade	CNGDN0GY	PR005	5.3	6
Transportation, storage, postal and courier services	CNGDN0HY	PR005	6.5	7.3
Hotels and Catering Services	CNGDN0IY	PR005	5.9	7.3
Financial Intermediation	CNGDN0KY	PR005	4.3	5.2
REAL ESTATE	CNGDN0LY	PR005	-4.6	-5.4
Information Transmission, Software And Information Technology Services	CNGD0JY	PR005	10.2	13.7
Rental and Leasing Activities and Business Services	CNGD0NY	PR005	8.7	10.8
Others	CNGDSNY	PR005	3.1	3.8

## ANALYSIS

A minor slowdown was indicated by the overall real GDP growth of 5.3% in Q2 2024 and 4.7% in Q3 2024. With additional industrial breakdowns, the economy is divided into three primary, secondary, and tertiary sectors. The growth rates for primary industries were 3.3% in Q2 and 3.6% in Q3. In Q2 and Q3, secondary industries expanded by 6.0% and 5.6%, respectively. The growth rates for tertiary industries were 5.0% in Q2 and 4.2% in Q3.

## KEY FACTORS FOR GDP GROWTH

- **Excellent Manufacturing Performance:** The manufacturing sector contributed significantly to the growth of the GDP overall, growing 6.4% in Q2 and 6.2% in Q3.
- **Growth of the Transportation Sector:** Supporting commerce and logistics, the transportation sector grew by 7.3% in Q2 and 6.5% in Q3.
- **Contribution of the Informal Economy:** The informal sector grew by an impressive 13.7% in Q2 and 10.2% in Q3, indicating a sizable amount of economic activity that takes place outside of official channels.
- **Rental and Accommodation Sector;** The rental and lodging sector performed well, growing by 10.8% in the first quarter and 8.7% in the second.
- **Hospitality Industry Recovery:** Tourism and business travel are on the rise, as seen by the hospitality industry's recovery, which saw growth in hotels and related services of 7.3% in Q2 and 5.9% in Q3.

## MANUFACTURING SECTOR PERFORMANCE IN CHINA

- In Q2 and Q3 of 2024, manufacturing (CNGDOCY) rose at rates of 6.4% and 6.2%, respectively, exceeding the GDP growth rate.
- The manufacturing growth chart illustrates historical volatility, with a notable peak (about 30%) at one point and subsequent stabilization in the 5-6% area.
- China's economy is still based largely on manufacturing, which also plays a major role in the expansion of secondary industries.
- Despite the global economic issues, the present growth rate of 6.2% indicates resilience.

## FEW KEY CHALLENGES FACED BY SECTOR IN COUNTRY

- **Significant Increase (about 30%):** The chart's striking increase most likely reflects China's manufacturing rebound after the COVID-19 outbreak. When production recovered from the extremely low base during lockdowns, this exceptional growth rate most likely happened in early to mid-2021. This spike's exceptional height indicates expansion from year to year relative to the pandemic-suppressed levels, resulting in a statistical impact called the "base effect."
- **Sharp Reduction Following the Spike:** After the initial recovery period ended, growth rates returned to normal, as evidenced by the sharp decline that followed the peak. This is a return to more sustainable growth rates following the remarkable post-pandemic recovery, not necessarily a decline in manufacturing activity.
- **Volatility in Recent Times:** The graph displays a number of smaller peaks and valleys in recent times, indicating how sensitive the manufacturing sectors are to modifying COVID control measures
  - Limitations on the energy supply
  - Disruptions to the global supply chain
  - Changes in the export market
  - Chinese government policy interventions
- **Current Stabilization Around 5-6%:** Although at slower rates than China's previous manufacturing growth, the most recent measurement of 5.0% indicates that manufacturing has found a more stable development pattern. This probably reflects a more developed manufacturing industry. Increased base impacts (growth as a percentage of an existing sizable industrial base). Shift to higher-value production.
- **Real Estate Sector Contraction:** The spreadsheet shows real estate at -5.4% (Q2) and -4.6% (Q3), indicating significant contraction. This likely impacts construction material manufacturing and related industries.
- **External Factors:** While not directly visible in the data, China's manufacturing sector likely faces challenges from global supply chain disruptions, trade tensions, and international competition.

## CORRELATION IN GDP AND INFLATION



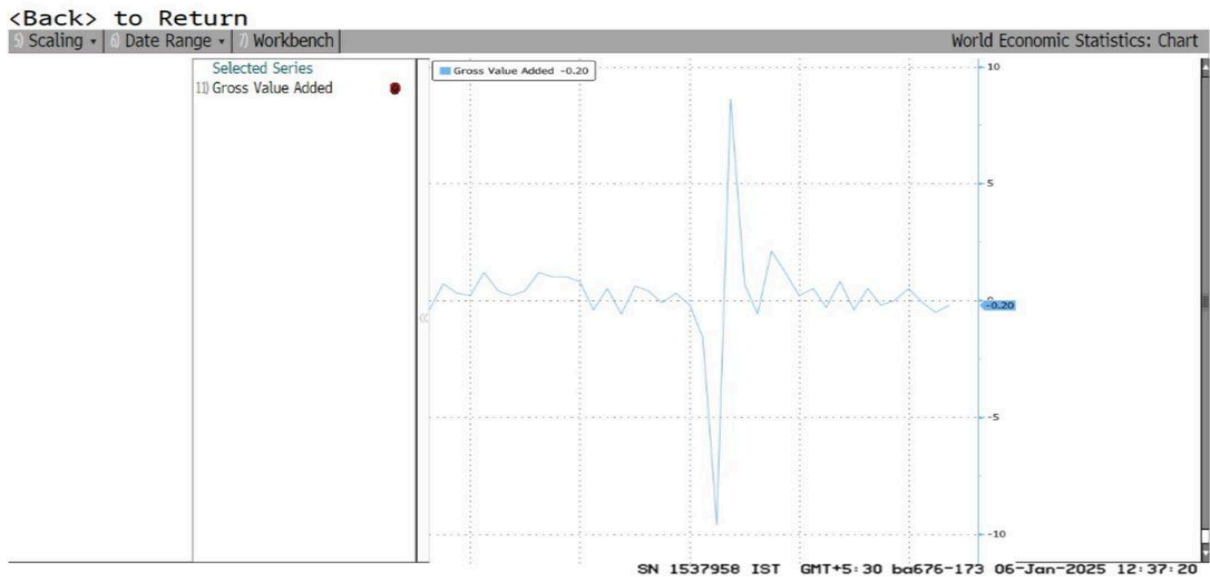
The correlation between EMCON (likely economic confidence or economic indicators) and CNCPY (likely China's Consumer Price Index, a measure of inflation) is 0.812. The correlation coefficient of 0.812 indicates a strong positive relationship between China's economic indicators and inflation. This means that as China's GDP grows, inflation tends to increase as well, and vice versa.

### POSSIBLE REASON FOR THIS CORRELATION VALUE

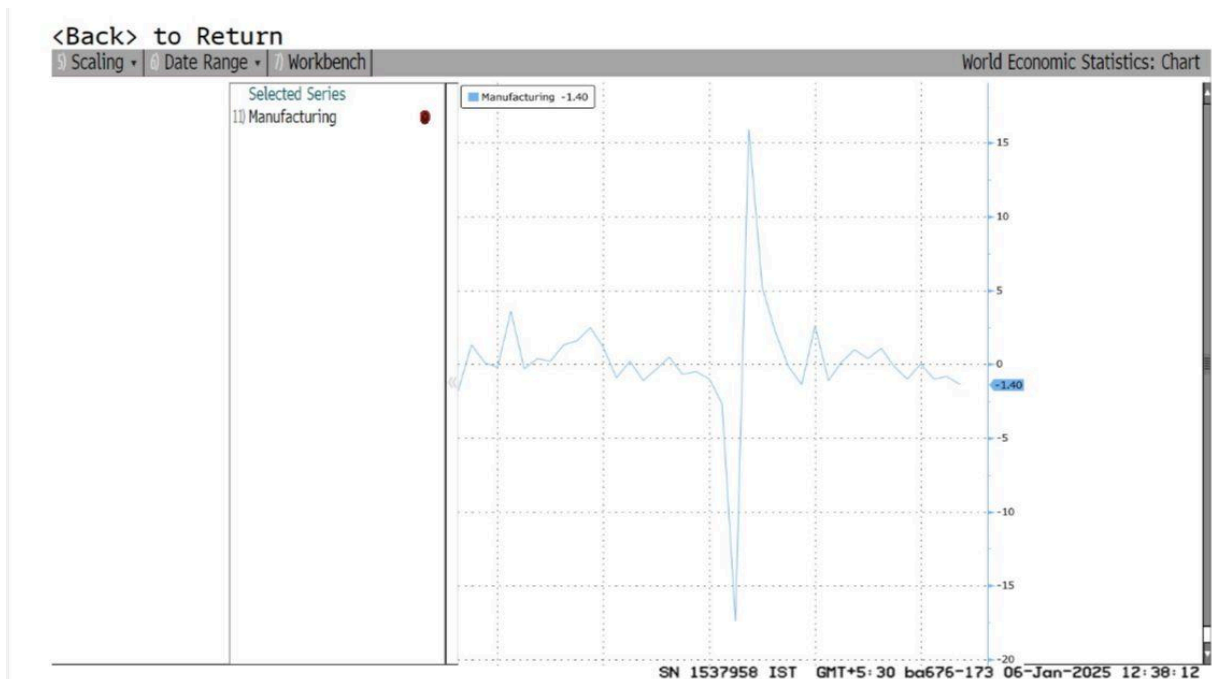
- **Demand-Pull Inflation:** As China's economy grows, increased consumer and business spending drives up prices for goods and services.
- **Capacity Utilization:** Strong GDP growth often leads to higher capacity utilization rates, creating production bottlenecks that result in price increases.
- **Wage Pressure:** Economic expansion typically increases employment and wages, which businesses pass on as higher prices.
- **Monetary Policy Dynamics:** During growth periods, China's expanded money supply to support economic activity can contribute to inflationary pressure.

## COUNTRY 4 :GERMANY

### GROSS VALUE ADDED



### GROSS VALUE ADDED IN MANUFACTURING SECTOR



Country	Germany			
Category	Real GDP by Industry			
Source	German Federal Statistical Office			
Transformation	QoQ% SWDA			
Frequency	Quarterly			
Data Set	Chained Quantity Indexes			
	Ticker	Field	Q3 2024	Q2 2024
Real GDP by Expenditure	GRGDPPG Q	PR005	0.1	-0.3
Gross Value Added	GRGDGV AQ	PR005	-0.2	-0.5
Agriculture, Forestry and Fishing	GRGDR0A Q	PR005	0.8	0.4

Industry Excluding Construction	GRGDPRO Q	PR005	-1.4	-1
Manufacturing	GRGDR0C Q	PR005	-1.4	-0.8
Construction	GRGDCCO NQ	PR005	-1.2	-3.4
Trade, Transport, Hotels and Catering	GRGDTTQ Q	PR005	0.1	-0.8
Information And Communication	GRGDR0J Q	PR005	-0.4	-0.4
FINANCIAL AND INSURANCE ACTIVITIES	GRGDFCS Q	PR005	-0.9	-0.8
Real estate activities	GRGDR0L Q	PR005	-0.2	0
Business Services	GRGDR0 MQ	PR005	-0.3	0.3

Public Administration, Health and Educational Activities	GRGDPPS Q	PR005	1.3	0.2
Other Services	GRGDR0S Q	PR005	0.6	-0.3

## ANALYSIS

Germany's GVA declined 0.2% in Q3 2024 after a -0.5% decline in Q2 due to the pressures of inflation, high energy bills, and global uncertainties. Manufacturing (-1.4%) and construction (-1.2%) had significant declines, supported somewhat by public administration, health, and education (+1.3%). Fragile exports and sluggish consumer consumption added further downward pressure on growth. Policymakers must exercise a careful equilibrium between controlling inflation and stimulating economic growth to preclude stagnation.

## KEY FACTORS FOR GERMANY'S ECONOMIC CONTRACTION

- **Industrial Weakness:** The manufacturing industry declined by -1.4% in Q3 2024 due to continued challenges with lofty input prices, subdued domestic demand, and waning export orders.
- **Construction Decline:** A -1.2% drop in construction demonstrates the effect of higher interest rates and higher material prices, decelerating real estate construction and infrastructure development.
- **Weak External Demand:** Declines in global trade and weak demand in major export partners such as China and the U.S. have weighed on the industrial and motor vehicle sectors in Germany.
- **Troubles in Financial Sector:** The financial and insurance industry contracted -0.9% in Q3, depicting decreased lending, investment uncertainty, and tighter lending conditions.

- **Drags from Chronic Inflation Pressures:** Steady increases in raw material prices, transport charges, and compensation are continuing to undercut profit margins and reduce purchasing power of the consumer.

## MANUFACTURING SECTOR PERFORMANCE IN THE GERMAN

Germany's industrial sector declined by -1.4% during Q3 2024, down from -0.8% in Q2 2024, demonstrating ongoing difficulties. Weak external demand, high energy costs, and ongoing supply chain bottlenecks are among the major drivers behind this decline. The machinery and auto sectors, which form the core of Germany's industrial core, have received decreased orders from large export destinations such as China and the U.S. ([Partington, 2025](#))

- **Production Patterns:** Industrial production continued to slow down as increasing operating expenses and weakening world demand slowed the growth.
- **Government Policies:** Subsidies for energy-intensive industries have been introduced by the government but with partial success.
- **Supply Chain Challenges:** Improved, but expensive energy and materials are still a heavy burden.
- **Exports and Global Demand:** High-tech industries and pharmaceuticals remained constant, but the general exports fell because of slackened international trade.

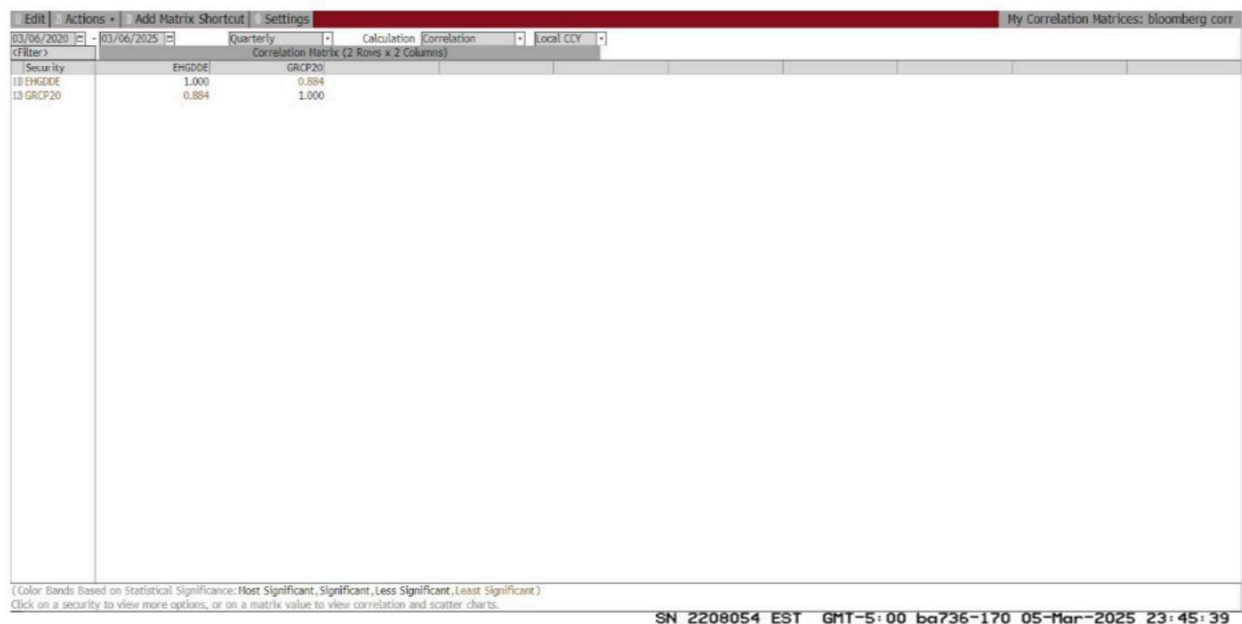
## KEY CHALLENGES FACED BY THE MANUFACTURING SECTOR

- **High Energy Costs:** The realignment of Germany from Russian energy has had the effect of high energy costs, leading to higher production costs.
- **Global Economic Slowdown:** Lower exports because of weaker demand from key trading partners, such as North America and Asia.
- **Labour Shortages:** The industry has shortages in skilled labour, affecting productivity.
- **Inflationary Pressures:** Rising raw material, transportation, and labor costs continue to squeeze profit margins.

## GERMAN GOVERNMENT INITIATIVES AND MONETARY POLICY

- Fiscal Policies: The government implemented tax relief for green energy investments, raised public expenditure on transport and automation, and increased subsidies to energy-intensive industries to offset escalating costs ([Integra International](#)).
- Industrial Strategy: Germany is emphasizing AI, automation, and green technology to enhance competitiveness. Assistance to advanced manufacturing and digital innovation is central to sustaining its industrial dominance ([OECD](#)).
- Monetary Policy: ECB tightens monetary policy to check inflation and stabilize the economy through high interest rates and careful watching of economic trends (ECB)

## CORRELATION IN GDP AND INFLATION



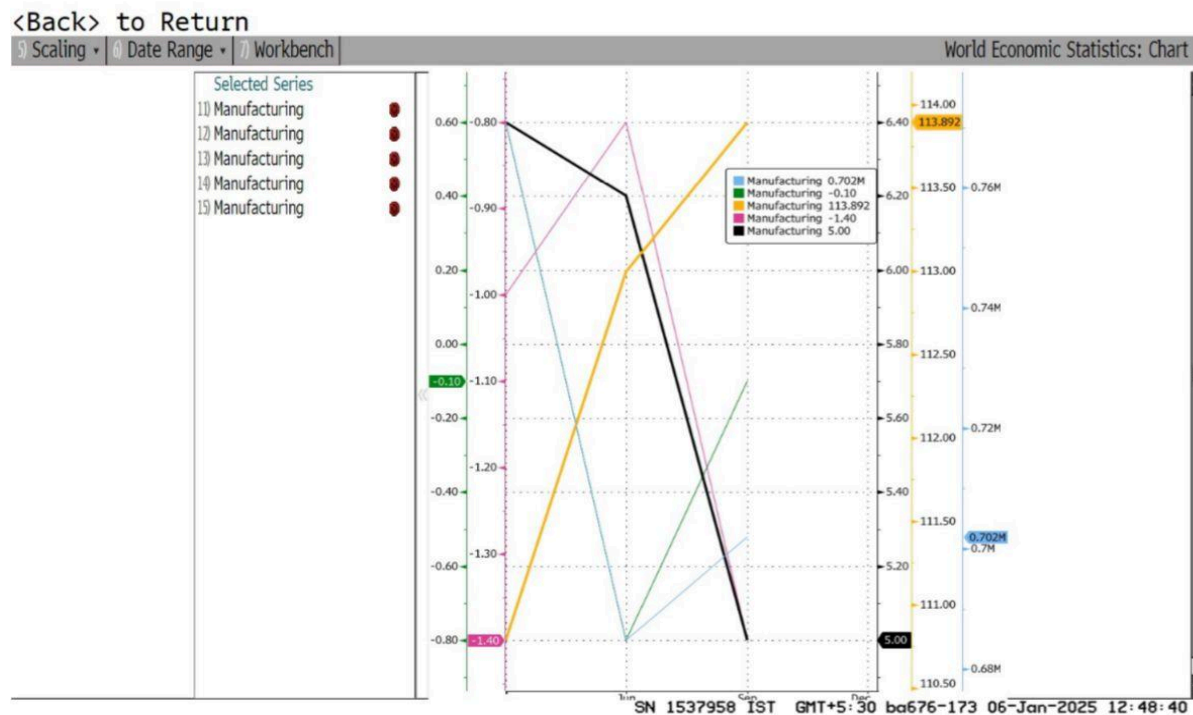
The interrelation between German GDP growth and inflation is a significant component of its macroeconomic context. Though correlation coefficients for the period from June 3, 2020, to June 3, 2025, are not available with precision, past data shows there to be a strong interaction between the two variables. For example, the GDP of Germany went down by 0.3% in 2023 owing mainly to recurring high inflation triggered by geopolitical shocks like the aggravation of

the Russia-Ukraine war. [\(Statista, 2025\)](#) The decline suggests vulnerability of economic growth to inflation pressures in Germany.

### Possible Reasons for This Relationship

- **Demand-Pull Inflation:** Economic growth will typically result in higher spending by businesses and consumers, which in turn will push up demand for goods and services, causing prices to rise.
- **Cost-Push Inflation:** Increased input costs, especially energy costs, may raise the production cost of companies. This increase in prices is then transferred to consumers, causing inflation. Surprisingly, energy prices have been a key driver of the inflation pattern of Germany. [\(Inflation Rate at +2.3% in February 2025, n.d.\)](#)
- **Monetary Policy:** Monetary policies of the European Central Bank [\(ECB\)](#) have a large impact on both inflation and GDP growth. The dovishness of the ECB in interest rates until mid-2022, even while inflation risks were mounting, has come under debate and criticism

### COMPARISON GRAPHICAL REPRESENTATION



**COMPARISON TABLE BETWEEN COUNTRIES ON VARIOUS FACTORS:**

ECONOMIC FACTORS	INDIA	UNITED KINGDOM	CHINA	GERMANY
GDP Growth (Q3 2024)	Increased from ₹43,63,732 crore to ₹44,10,323 crore (Q2 to Q3)	0.0% growth (flat)	4.7% YoY (down from 5.3% in Q2)	-0.3% GDP contraction (due to weak demand)
Manufacturing Growth	Increased from ₹6,84,792 crore to ₹7,01,960 crore (Q2 to Q3)	0.8% (minor changed from Q2)	6.2% YoY (down from 6.4% in Q2)	-1.4% contraction (worsening from -0.8% in Q2)
GDP-Inflation Correlation	-0.004 (near zero correlation)	0.478 (moderate positive correlation)	0.812 (strong positive correlation)	0.392 (moderate correlation)

Key Growth Drivers	Strong domestic demand, Government expenditure, Services sector expansion, Manufacturing resurgence	Consumer spending, Government infrastructure investment, Services sector (especially financial)	Manufacturing excellence, Transportation sector, IT sector, Rental and business services	Exports (autos & machinery), Energy transition investments, Digitalization, AI, Green technologies
Manufacturing Challenges	High input prices, Global economic slowdown, Regulatory barriers	High energy costs, Global economic slump, Labor shortages, Inflationary pressures	Real estate sector contraction (-4.6%), Growth moderation, Structural transition challenges	Weak external demand, High energy prices, Supply chain disruptions, Declining export orders

Government Initiatives	₹11.21 lakh crore capital expenditure, PLI schemes for manufacturing , Export incentives, Steady repo rate at 6.5%	Business investment relief, Transport infrastructure spending, R&D grants, Industrial strategy for high-tech manufacturing	Industrial upgrading policies, Balancing exports with domestic consumption, Transition to higher-value manufacturing	Tax breaks for industries transitioning to green energy, Public investment in automation & infrastructure, Digitalization incentives
Leading Sectors	Finance, Insurance, Real Estate & Business Services (₹10,89,218 crore), Manufacturing (₹7,01,960 crore)	Financial and insurance activities, Professional and support services	Information Technology (10.2% growth), Manufacturing (6.2% growth), Transportation (6.5% growth)	Automotive, Machinery, Green Energy, Industrial Equipment

Underperforming Sectors	Not explicitly mentioned in data	Real estate activities (minimal 0.2% growth), Arts, entertainment, and recreation (-2.4% decline)	Real estate (-4.6% decline)	Construction (-1.2%), Manufacturing (-1.4%), Energy-intensive industries
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## CONCLUSION

Comparison of GDP growth among China, India, the UK, and Germany points out distinctive economic growth patterns fueled by indigenous and exogenous factors. India gains from a robust services sector, public spending, and growing domestic demand, but challenges arise from international slowdowns and escalating input prices. The UK has moderate growth, with the services sector leading the economy but the manufacturing area being stagnant because of high energy prices and labor scarcity. China, remaining production-oriented, persists to expand even amid structural maladies, a declining real estate sector, and external trade tensions. In contrast, Germany is experiencing economic contraction because of soft external demand, elevated energy costs, and worsening industrial production, although it is committing significantly into green energy, automation, and digitalization in order to enhance future competitiveness. Every nation has varying relationships between GDP growth and inflation, with China reflecting the most positive correlation, while Germany has a moderate relationship. The results reflect the importance of making strategic investments and economic policies that are customized to provide long-term economic stability and development.