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To the point!

Cross-Asset- and Strategy-Research

Good tidings we bring! Today only good news

Why 2025, despite everything, was a good year, even in Germany

LBBW's To the point hasn't exactly been a haven of cheer or runaway optimism lately. Most editions in 2025 wrestled with stagnation in Germany, trade spats, climate change and reform gridlock. Today, expect the exact opposite: exuberant optimism in the light of all the things that have gone right this year.

Christmas is a mere week away, and these lines should carry a more festive note. So, as in the year-end edition of 2024, I'm serving up a decidedly positive review of what many might consider a dismal year. For once, the mulled-wine glass isn't just half full – it's full to the brim. Despite rising economic and geopolitical challenges, 2025 brought plenty of good news too. We should not ignore the more cheerful tidings. When I asked my colleagues in LBBW Research for good news in their respective area of expertise, the replies flooded in. There were so many that I can't cover them all here – my sincere apologies. I hadn't expected such abundance. That, in itself, is good news.

"The economy suffers, but I'm doing fine"

For more than three years, a majority of respondents in Germany have judged the general situation as poor, yet they continue to rate their own circumstances very positively (see Fig. 1). Personal experience increasingly diverges from the news cycle.

The personally satisfied citizens will surely include those fully invested during 2025. Germany's DAX equity index chalked up a third consecutive double-digit gain – up 20% versus end-2024. Gold and silver hit record highs, delivering handsome returns. Oil prices eased, keeping petrol and heating oil relatively cheap. Good news for consumers, certainly. And even with Donald Trump doing everything in his power to hobble global trade,

Moritz Kraemer -- Chief Economist

LBBWResearch@LBBW.de

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Fig. 1: Assessment of economic conditions



Source: Forschungsgruppe Wahlen e.V. (Nov. 2025), LBBW Research, Difference between "good" and "bad" responses.

world commerce kept expanding in 2025 (see Fig. 2). Goods found new destinations, but trade stayed lively. The global economy proved able to adapt to the protectionist menace in the White House.

Companies issue a record volume of bonds

Firms tapped the bond market more than ever. By November, euro-denominated issuance reached EUR 535bn, up 23% year-on-year. Demand held up so well that it even pushed risk spreads lower. Capital market access for corporates was about as good as it gets. Ratings mostly improved this year, too. That includes also euro-area sovereigns: Italy, Portugal, Greece, Spain and Slovenia all earned upgrades. The separation between “core” and “periphery” has been decidedly relegated to the scrapyard of financial history.

German carmakers still have it

Industry’s perennial problem child – especially in Germany – has been the auto sector and its suppliers. Yet there’s good news here as well: almost two-thirds of battery-electric vehicles (EVs) newly registered in Germany through October came from domestic manufacturers. In 2023, that share was below 50%. German carmakers can still hold their own against Chinese rivals. So why, then, did Germany’s government press the EU to back away from its plan to ban new internal-combustion car registrations from 2035? Perhaps industry is already ahead of German politics, which looks stuck in yesteryear’s diesel-era thinking.

Digital infrastructure is moving forward, too: the original target was fiber-optic coverage of 50% of households, businesses and public-sector connections by year-end. In reality, the rate hit 53% by summer, beating the goal early. Not bad at all. Even in artificial intelligence, Germany is beginning to join the fray – not just with the much-cited AI gigafactory in Heilbronn, a large-scale AI infrastructure hub. There are now 32 unicorns, i.e., start-ups valued at more than EUR 1bn. Clearly, there is still plenty of room to grow. But it’s a hopeful start, nonetheless.

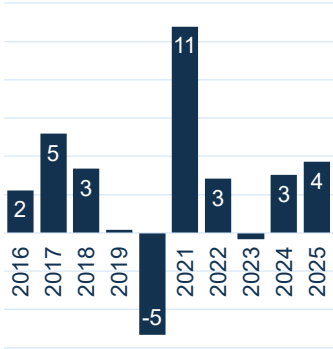
What else happened

Germany won the Basketball World Cup, led by an outstanding Dennis Schröder. VfB Stuttgart lifted Germany’s DFB Cup, the national soccer knockout competition, with LBBW as shirt sponsor on the club’s iconic chest band. The German national soccer team qualified for the 2026 World Cup with genuine chances of a group-stage win against Curaçao. In the Bavarian city of Munich, roughly two-thirds of residents backed a bid to host the Summer Olympics. That’s what confidence looks like!

See you in the new year

May you welcome 2026 with the same spirit of confidence. To the point is taking a Christmas break. Let’s meet here again on 9 January – I’d be delighted. Until then, I wish you a blessed Christmas and a fabulous start to an even better 2026!

Fig. 2: World trade growth



Source: IMF, World Economic Outlook, October 2025, series „exports fob, volume“, LBBW Research

Bright spots also in the automotive industry

I look forward to seeing you again on January 9th!

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