

Press Release 21/2021

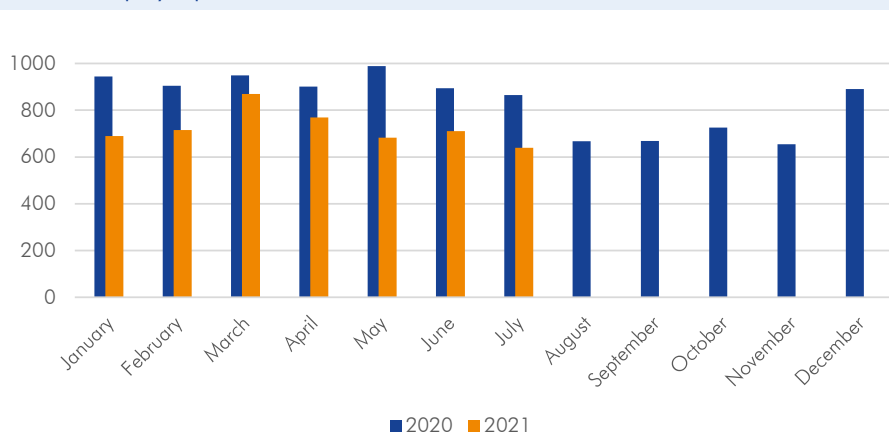
Halle (Saale), August 5, 2021

IWH Bankruptcy Update: Bankruptcies in Germany Fall to an All-time Low

The number of corporate bankruptcies in Germany fell to a historic low in July, and are not anticipated to trend higher in August, according to IWH's leading indicators. The IWH Bankruptcy Update, published by the Halle Institute for Economic Research (IWH), provides monthly statistics on corporate bankruptcies in Germany.

At the beginning of July, the June statistics were initially incomplete due to technical changes made to the national bankruptcy filing website. Following final revisions to these data, the June **bankruptcy figures** were remarkably low. Extremely low bankruptcy rates were also witnessed in July. According to the IWH Bankruptcy Update, 639 firms reported bankruptcy last month. This is equivalent to a month-over-month change of 10%. Compared to the July 2020 figure, the number of bankruptcies was 25% lower (see figure 1). The previous record low of 654 bankruptcies was registered in November of 2020.

Figure 1
IWH Bankruptcy Update



Bankruptcies of German firms with entry in the commercial register.
Sources: Bankruptcy announcements of German courts; IWH presentation.

[no press embargo](#)

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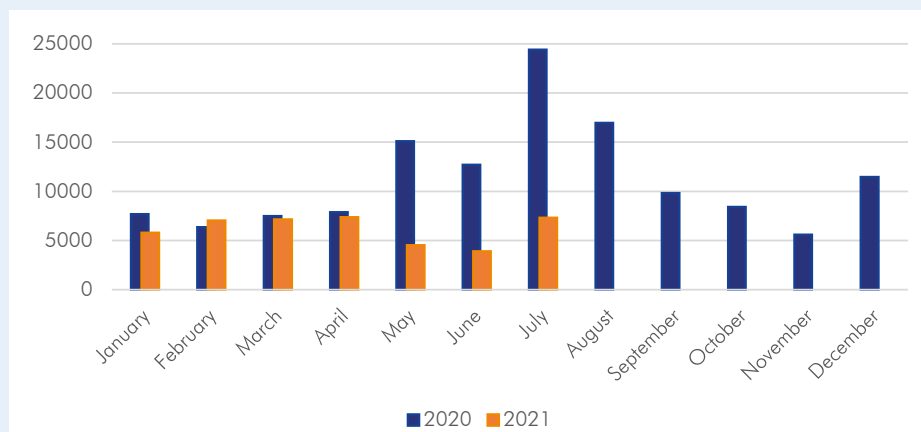
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Comparing the aggregate headcount from the largest 10% of bankrupt firms in July with that of previous months, the July aggregate was higher. The **number of impacted jobs** in July was just under 7,300, which was higher than the equivalent figures from May and June (each around 4,000). Nevertheless, the number of jobs impacted by bankruptcy in July 2021 was 70% lower than that of July 2020 (see figure 2).

Figure 2
Affected Employees



Employment in the largest 10% bankruptcies. Bankruptcies of German firms with entry in the commercial register.

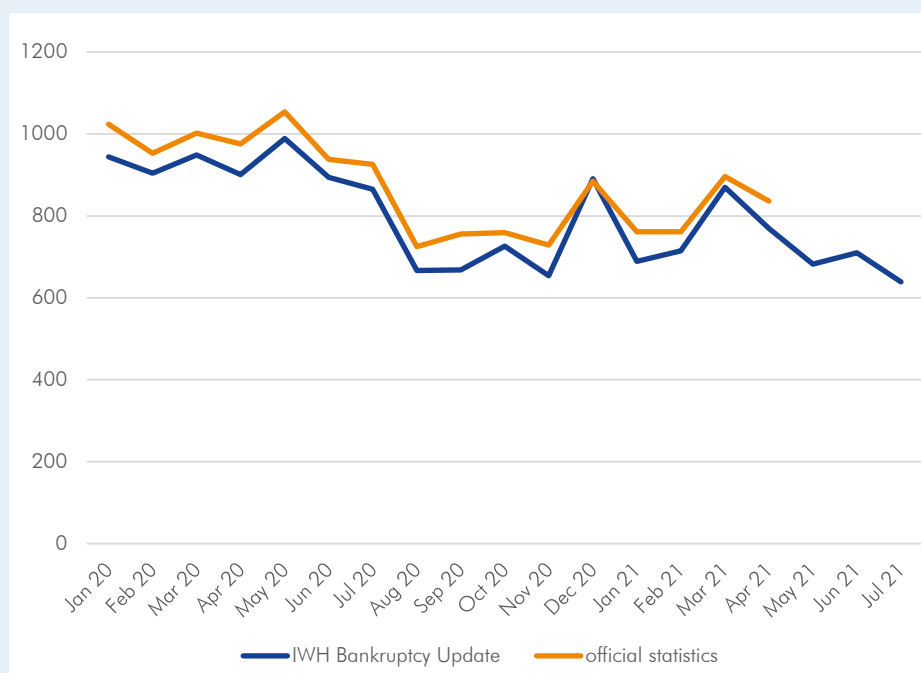
Sources: Bankruptcy announcements of German courts; IWH presentation.

“The prolonged trough in bankruptcy statistics is a reflection of the economic recovery,” explains Steffen Müller, the head of Department Structural Change and Productivity and the director of Bankruptcy Research at IWH. According to Müller, the bankruptcy statistics are remarkably low by historical standards, even when taking government stimulus programmes and creditor restraint into account. Twenty years ago, for example, an average of 2,000 firms filed for bankruptcy each month, and five years ago, the figure was still more than 1,000 per month.

The IWH Bankruptcy Update is a flash indicator, delivering fast, reliable information on insolvencies of firms with entry in the commercial register in Germany two months ahead of the comprehensive official statistics. It is based on public bankruptcy announcements of German courts combined with balance sheet information of the concerned firms. Deviations from official statistics are small (see figure 3). The IWH Bankruptcy Research Unit is among Germany’s leading investigators of the causes and consequences of corporate bankruptcy.

For more on the IWH Bankruptcy Research Unit and the methodology underlying it, please visit <https://www.iwh-halle.de/en/research/data-and-analysis/iwh-bankruptcy-research/>.

Figure 3
IWH Bankruptcy Update vs. Official Statistics
 Registered firms only



Bankruptcies of German firms with entry in the commercial register.
 Sources: Official statistics; bankruptcy announcements of German courts; IWH presentation.

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The IWH [list of experts](#) provides an overview of IWH research topics and the researchers and scientists in these areas. The relevant experts for the topics listed there can be reached for questions as usual through the IWH [Press Office](#).

The Halle Institute for Economic Research (IWH) – Member of the Leibniz Association was founded in 1992. With its four research departments – Macroeconomics; Financial Markets; Structural Change; Laws, Regulations and Factor Markets –, IWH conducts economic research and provides economic policy recommendations, which are founded on evidence-based research. With the IWH’s guiding theme “From Transition to European Integration”, the institute’s research concentrates on the determinants of economic growth processes with a focus on efficient capital allocation in a national and European context. Particular areas of interest for the institute are macroeconomic dynamics and stability, microeconomic

innovation processes, productivity and labour markets, the dynamics of structural adjustment processes, financial stability and growth and the role of financial markets for the real economy.

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