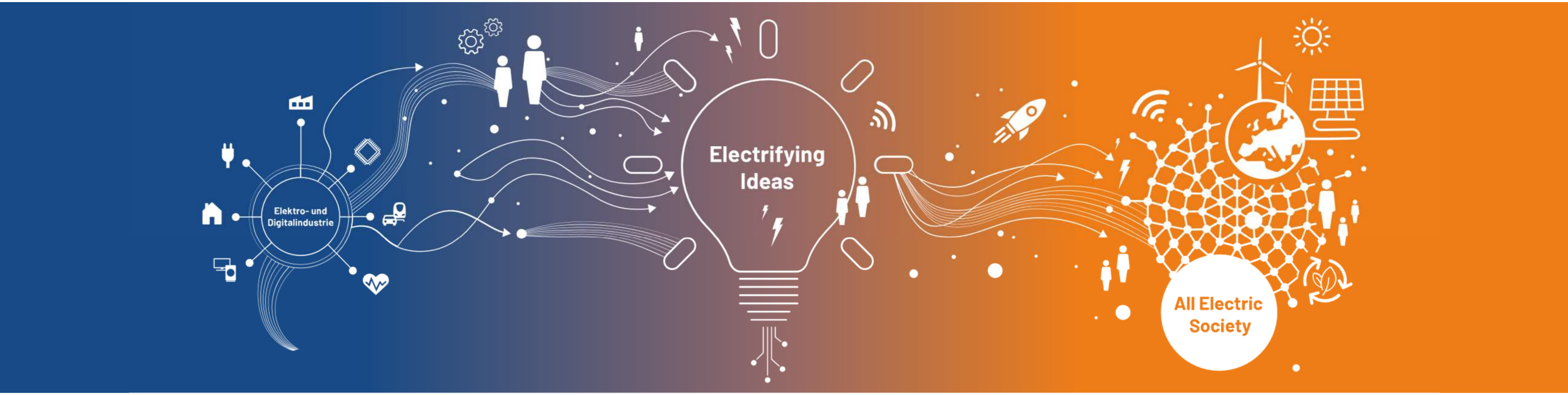
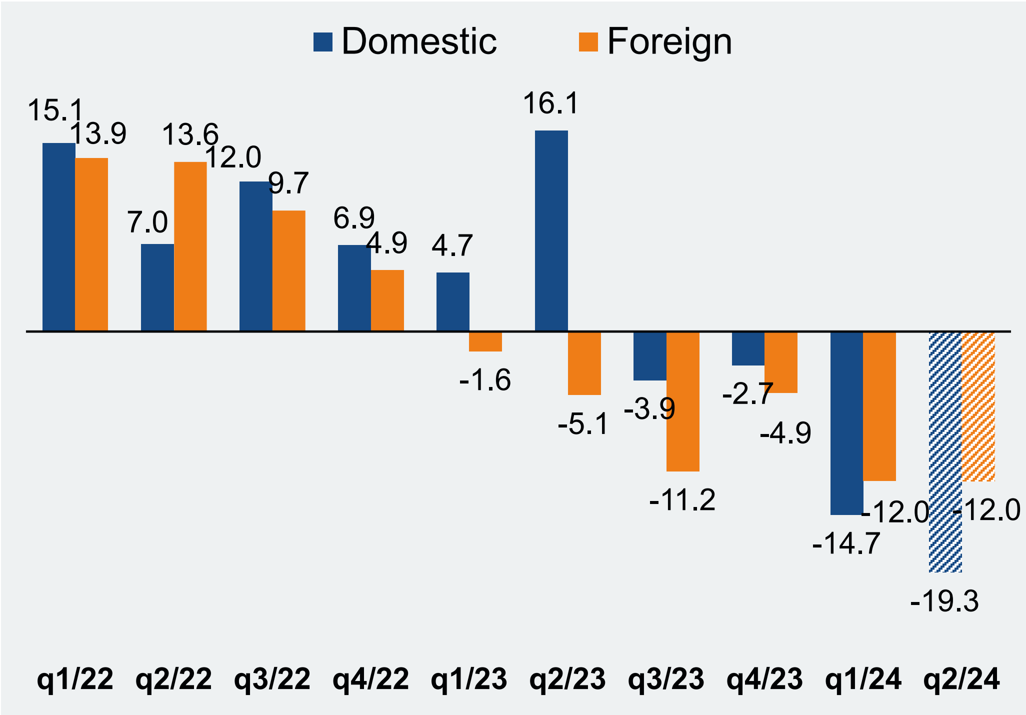


ZVEI Business Cycle Report

– Edition August 2024

German electro and digital industry
– New orders

Nominal values, % change on year earlier



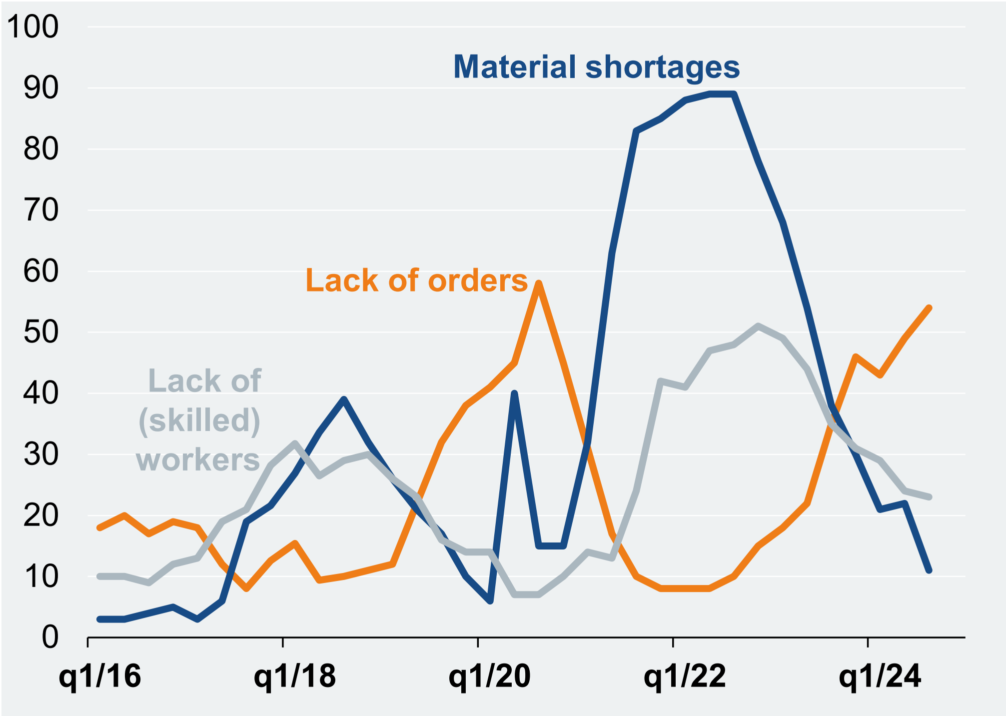
Source: Destatis and ZVEI's own calculations

Again, **new orders** of the German electro and digital industry decreased in **June 2024.** Overall bookings once again failed their pre-year value by 26.3% whereby the decline is overstated by bulk orders in the same month of the previous year. **Domestic orders** fell by 26.7% and, therewith, sharply more than **bookings from foreign clients** (-26.0%). Incoming orders from the euro zone were 19.8% down from a year earlier in June, while customers from third countries lowered their new orders by 28.7%.

Taken the **first six months of this year** together the value of new orders in our sector fell by 14.3% (again year-on-year rate). Here, the decrease in bookings from domestic business partners (-17.0%) was more pronounced than the reduction in new orders from customers abroad (-12.0%). Finally, the incoming orders from the euro area and from third countries are concerned, the former fell by 9.8% between January and June and the latter by 13.2%.

German electro and digital industry
– Production and employment

… % of firms reporting obstacles to manufacturing due to …



Source: ifo Institute

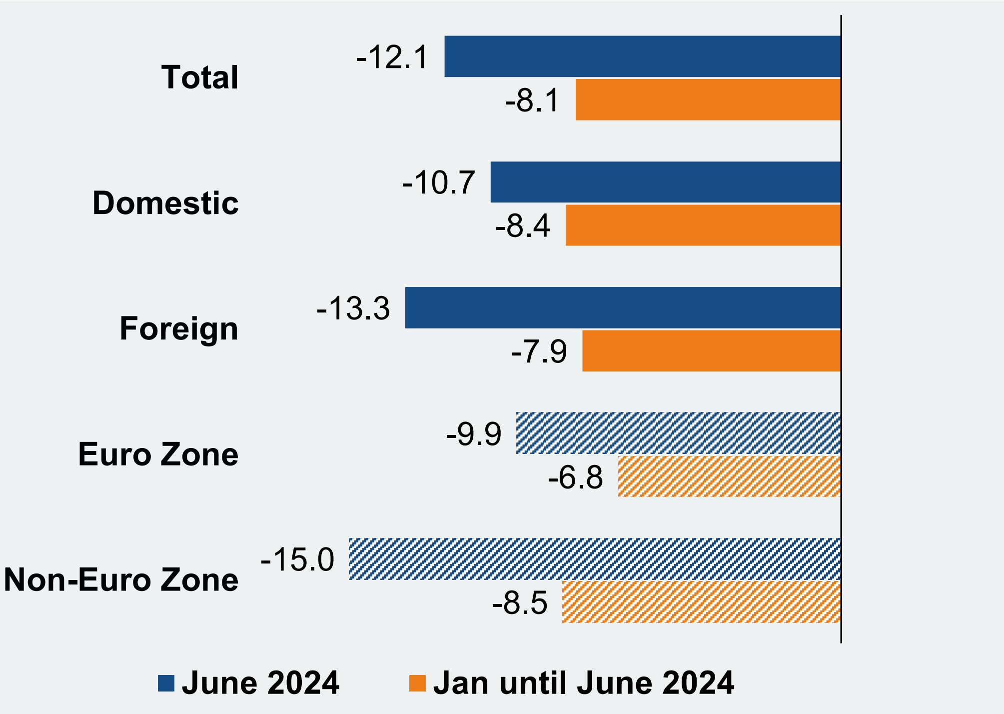
The sector's **real production** – i.e., the output of electrical and electronic products made in Germany adjusted for price – sagged by 13.6% (year-on-year) in **June 2024**. In the **first six months of this year** the combined output missed its pre-year level by 10.0%.

The **capacity utilization** within the domestic electro sector stood at 75.6% (of the normal full use level) at the beginning of the third quarter of this year. Meaning, it has fallen by almost five percentage points in the last three months. With 4.2 (production) months the **reach of unfilled orders** remained unchanged compared to the second quarter.

As far as the current difficulties of production are concerned, the pendulum has swung further in the direction of demand-side obstacles. 54% of the electro and digital companies reported a **lack of new orders** in July. Supply-side problems like a **shortage of (skilled) workers** (as reported by 23% of the firms) and a **scarcity of materials** (11%) play the second fiddle at present.

German electro and digital industry – Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations; allocation of foreign turnover shaded

Nominal sales of the domestic electro and digital industry amounted to €19.0bn in June **2024**, leaving them 12.1% lower than a year earlier.

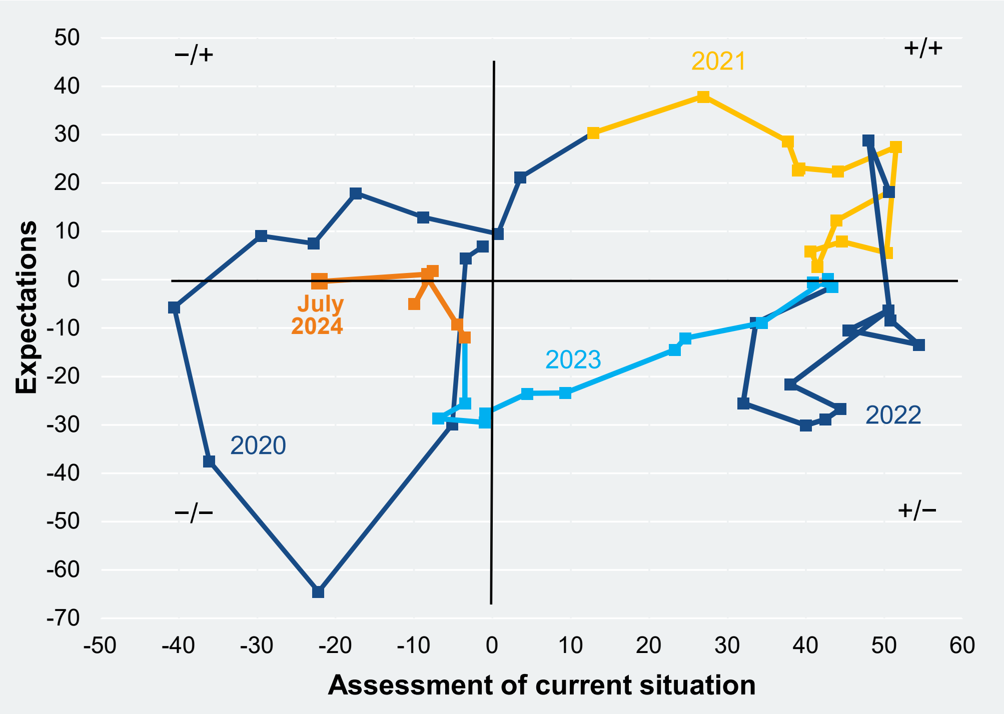
Domestic and foreign turnover sagged by 10.7% to €9.1bn and by 13.3% to €9.9bn in June, respectively. With €3.6bn sales to euro zone customers were 9.9% down compared to the year before. Revenues from businesses with clients outside the common currency area reached €6.3bn (-15.0%).

Accumulated from **January through June of this year** the sector's aggregated sales receded by 8.1% (year over year) to €110.4bn. In the same period, **producer prices** of electro products picked up by 1.8%.

Overall turnover was divided between €52.9bn in domestic sales and €57.5bn in foreign sales in the first six months. With it, the former failed its 2023 value by 8.4% and the latter by 7.9%. Eventually, sales to the euro area fell by 6.8% to €20.9bn, while turnover with countries that use other currencies than the euro decreased by 8.5% to €36.6bn.

German electro and digital industry
– Business climate

ifo business cycle clock, balances (%-age points)



Source: ifo Institute

The **business climate** in the German electro and digital industry deteriorated again in **July 2024**. Especially, the companies' assessment of their **present economic situation** diminished sharply. The overall **business expectations** receded only slightly compared to June, thus sitting flimsily below the zero line.

16% of our sector's firms depicted their current situation as good in July. At the same time, 46% and 38% found it stable or rather bad, respectively.

Looking ahead to the next six months to come, 14% of the domestic electro companies reckon with growing businesses. The majority of 71% are awaiting steady affairs, whereas 15% expect their activities to decline.

Export expectations also changed noticeably in July. Here, the balance of companies expecting more or fewer deliveries abroad in the next three months fell from +7 to -2%-age points.

German electro and digital industry
– Business cycle figures

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year over year, %	2023	2024 June	2024 Jan - June
New orders	-1.7%	-26.3%	-14.3%
domestic	+3.3%	-26.7%	-17.0%
foreign	-5.7%	-26.0%	-12.0%
euro zone	-9.2%	-19.8%	-9.8%
non-euro zone	-3.7%	-28.7%	-13.2%
Production, real	+0.1%	-13.6%	-10.0
Turnover, bn €	237.9 +6.0%	19.0 -12.1%	110.4 -8.1%
domestic, bn €	114.6 +6.8%	9.1 -10.7%	52.9 -8.4%
foreign, bn €	123.3 +5.3%	9.9 -13.3%	57.5 -7.9%
euro zone, bn €	44.0 +5.9%	3.6 -9.9%	20.9 -6.8%
non-euro zone, bn €	79.3 +4.9%	6.3 -15.0%	36.6 -8.5%

year over year, %	2023	2024 May	20244.2 Jan - May
Employees, thousand	907.9 [1] +1.1%	897.0 [1] -0.8%	900.9 [2] -0.1%
Exports, bn €	253.8 +2.7%	18.7 -7.6%	102.9 -2.9%
Imports, bn €	268.7 +2.1%	19.3 -10.5%	104.1 -8.0%
	2023	**2024 June**	**2024 Jan - June**
Producer prices Material prices Export prices Import prices	+5.8% +3.8% +3.5% +0.4%	+1.5% +0.5% +0.5% -2.3%	+1.8% +0.2% +1.1% -2.1%
Balance of positive and negative answers	**2023**	**2024 July**	**2024 June**
Business climate - Economic situation - Expected business for next 6 months Export expectations for next 3 months Production plans for next 3 months	±0 +18 -16 -2 -6	-12 -22 ±0 -2 -2	-4 -8 +1 +7 -1
	2023	**2024 July**	**2024 April**
Capacity utilization Reach of unfilled orders, in months	85.0% 5.1	75.6% 4.2	80.5% 4.1

Sources: ifo Institute, Destatis and ZVEI's own calculations; 1) end of period; 2) average

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