

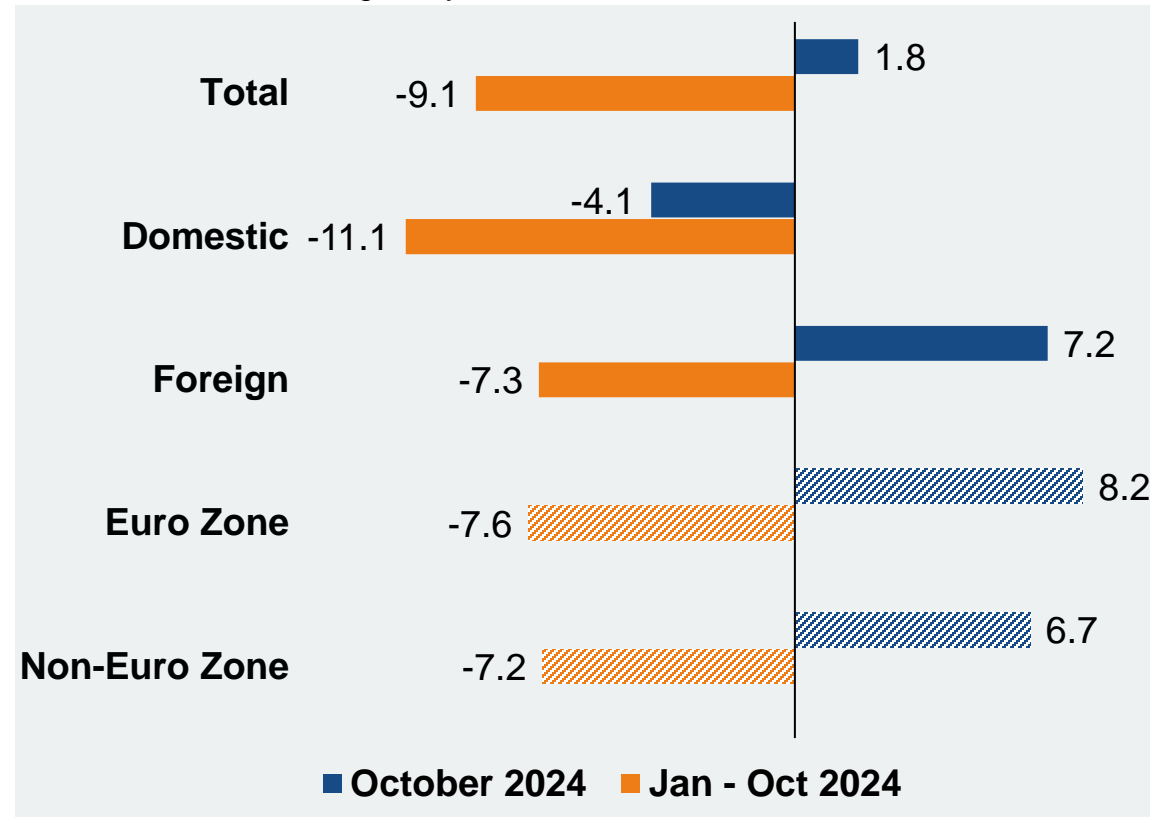
ZVEI Business Cycle Report

– Edition December 2024

German electro and digital industry

– New orders

Nominal values, % change on year earlier



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

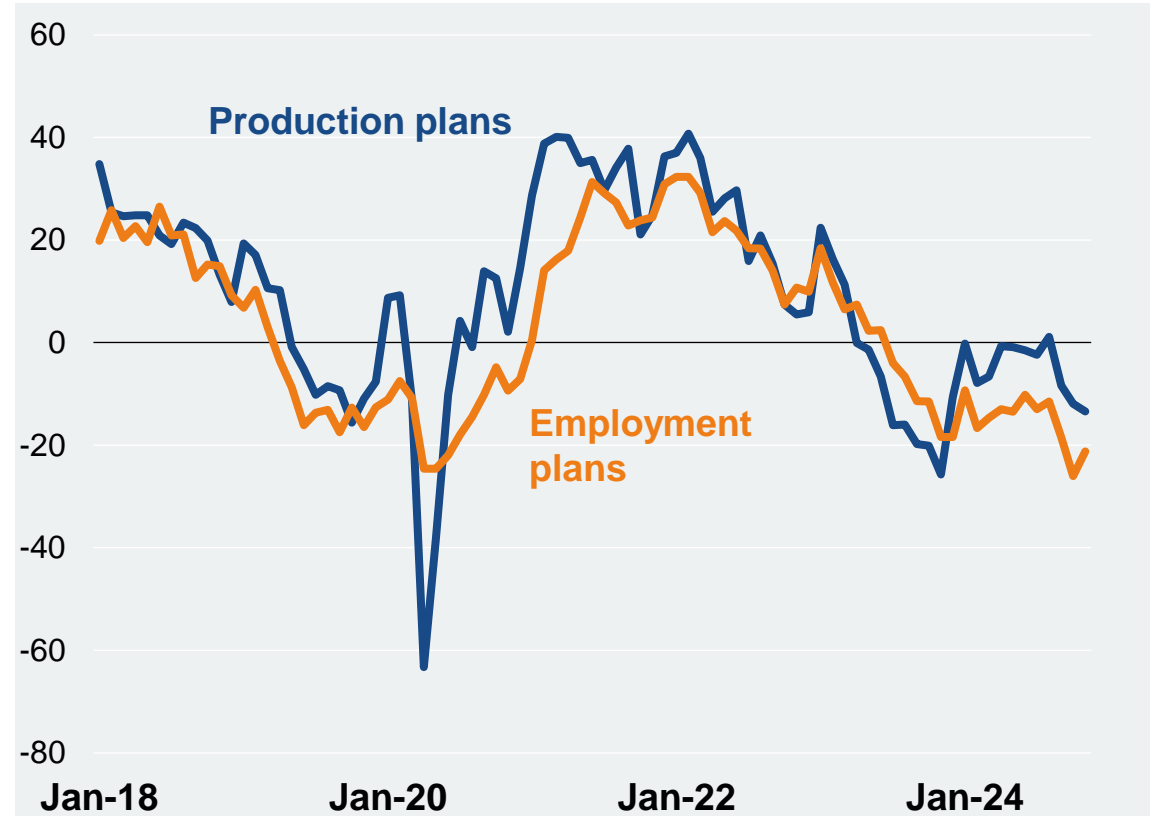
The German electro and digital industry has been able to record a moderate rise in new orders in **October 2024**. The sector's bookings were up 1.8% compared to a year earlier. However, a real turnaround in the business cycle is yet to come.

While **domestic orders** still failed their pre-year level by 4.1% in October, **new bookings from customers abroad** advanced by 7.2%. With it, euro zone clients and business partners from third countries raised their orders by 8.2% and 6.7%, respectively.

In the full **first ten months of this year** new orders were still 9.1% down on the corresponding value the year before. Both domestic bookings (-11.1%) as well as foreign orders (-7.3%) were on the decline here. Euro area customers decreased their orders by 7.6% between January and October. Concurrently, bookings from clients outside the common currency zone receded by 7.2%.

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

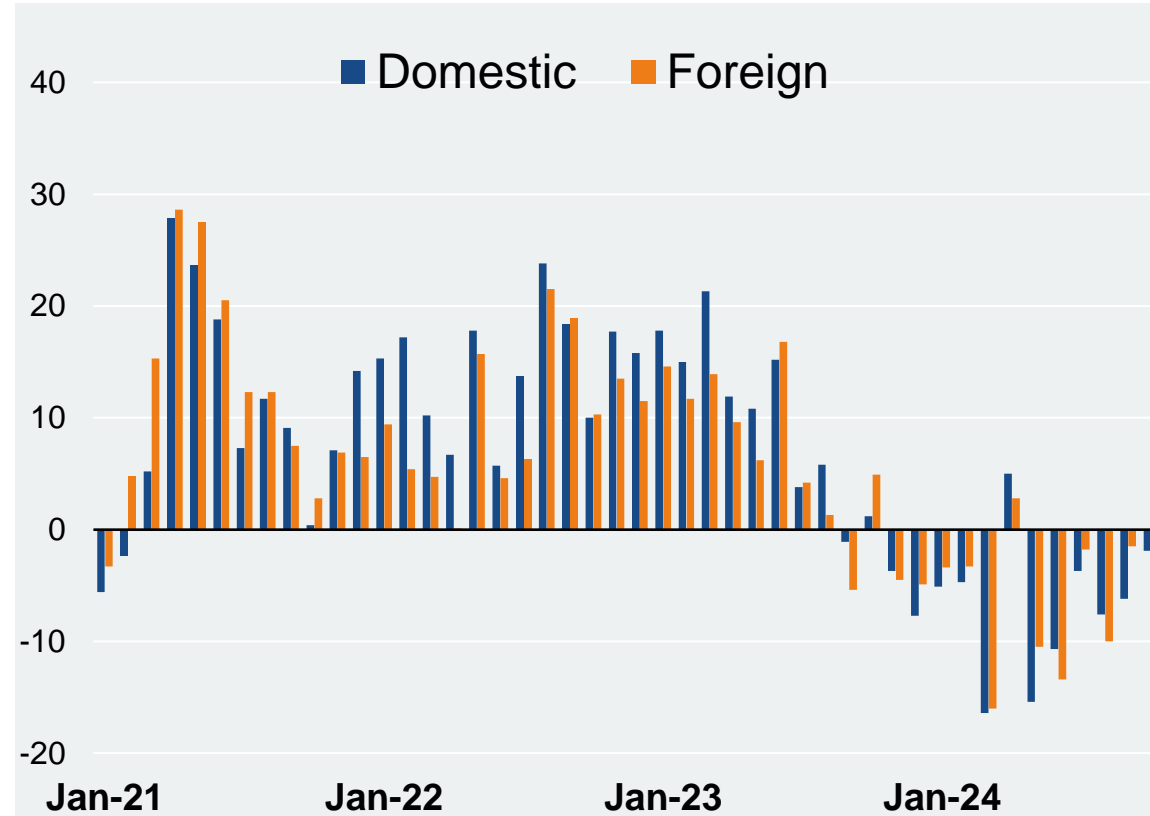
The sector's **real production** – i.e., its output adjusted for price – still came in 4.4% lower in **October 2024** compared to a year earlier. Hence, **from January through October** the firms' combined output undershot the corresponding 2023 level by 9.3%.

While our companies' **production plans** continued to recede somewhat in November 2024, the downward revisions in **employment plans** at least came to an end for the moment. So, the balance of firms intending to increase or rather decrease their output in the next three months to come further fell from -12 to -13 %-age points. In contrast, with recruiting plans, the corresponding figure went up – namely from a reading of -26 to -21.

The **number of employees** within the German electro and digital industry came to 895,000 at last. Thereof, 30,900 are presently on short time.

German electro and digital industry – Turnover

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

Sales of the German electro and digital companies rose slightly in **October 2024** – namely by 0.4% to €19.0bn. **Domestic turnover** continued to fall by 1.9% to €8.7bn, but **sales to customers abroad** picked up by 2.4% to €10.3bn. Within businesses with foreigners, turnover with euro zone clients (of €3.7bn) was 1.1% down on a year earlier in October, whereas sales to third countries advanced by 4.5% to €6.6bn.

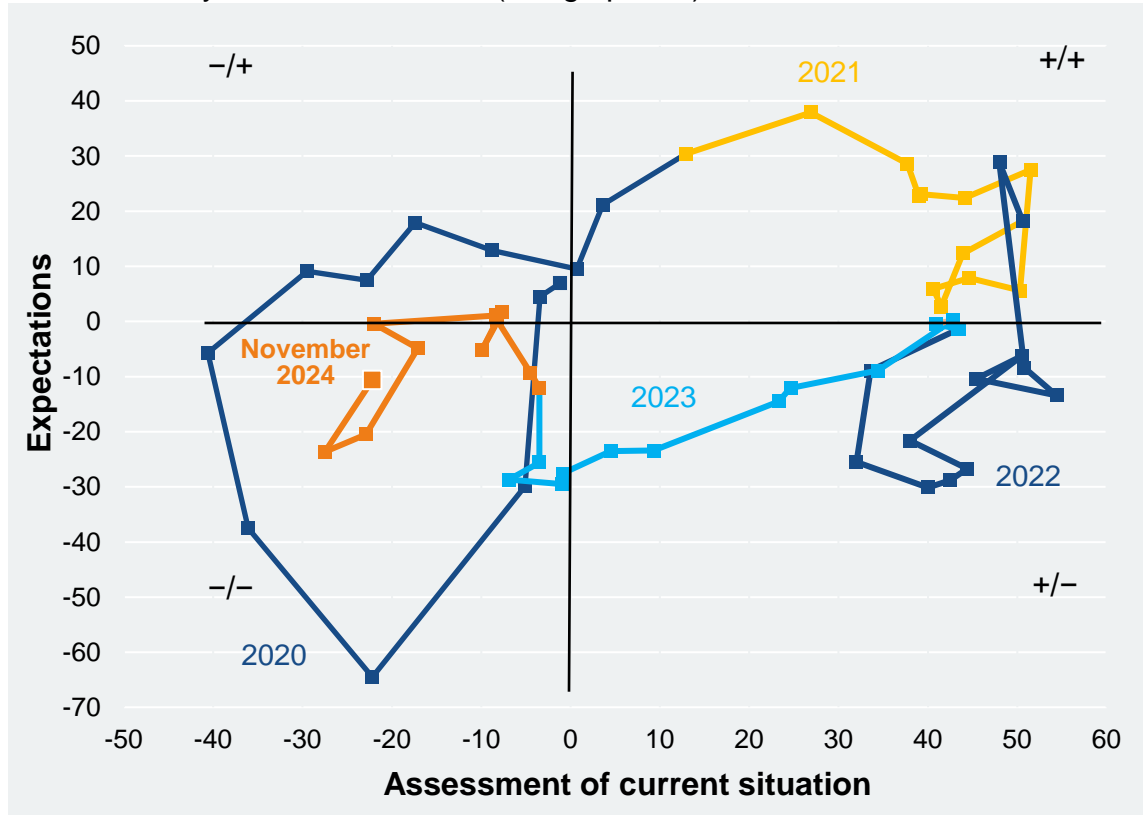
In the **first ten months of this year** the sector's aggregated turnover came to €185.3bn, leaving it 6.3% lower than the year before. In the same period, **producer prices** of electrical and electronic products increased by 1.6% (again year-on-year rate).

€88.3bn (-7.0%) fell upon domestic and €97.0bn (-5.8%) upon foreign sales between January and October. Eventually, turnover from businesses with customers from the euro area sagged by 6.2% to €34.6bn, and sales to foreigners outside the common currency area declined by 5.6% to €62.4bn.

German electro and digital industry

– Business climate

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



Source: ifo Institute

After serial declines, the **business climate** in the German electro and digital industry has recovered somewhat in **November 2024**. Both the companies' evaluation of their current economic situation and their overall business expectations changed for the better compared to the preceding month. Still, the climate indicator remains in negative territory after all.

19% of our sector's firms described their **present situation** as good in November. At the same time, 40% found it stable, but 41% assessed it as bad.

Looking ahead to the **next six months** to come, 14% of the domestic electro companies expect their businesses to go up. 61% are awaiting steady affairs, whereas 25% reckon with decreasing activities.

Export expectations have been up in November, too. They even turned slightly positive again. The balance of firms planning with more or rather less deliveries abroad in the next three months ahead rose from -6 to +2 %-age points.

German electro and digital industry

– Business cycle figures

year over year, %	2023	2024 October	2024 Jan - Oct
New orders	-1.7%	+1.8%	-9.1%
domestic	+3.3%	-4.1%	-11.1%
foreign	-5.7%	+7.2%	-7.3%
euro zone	-9.2%	+8.2%	-7.6%
non-euro zone	-3.7%	+6.7%	-7.2%
Production, real	+0.1%	-4.4%	-9.3%
Turnover, bn €	237.9 +6.0%	19.0 +0.4%	185.3 -6.3%
domestic, bn €	114.6 +6.8%	8.7 -1.9%	88.3 -7.0%
foreign, bn €	123.3 +5.3%	10.3 +2.4%	97.0 -5.8%
euro zone, bn €	44.0 +5.9%	3.7 -1.1%	34.6 -6.2%
non-euro zone, bn €	79.3 +4.9%	6.6 +4.5%	62.4 -5.6%

Sources: ifo Institute, Destatis and ZVEI's own calculations; 1) end of period; 2) average; 3) revised

year over year, %	2023	2024 September	2024 Jan - Sep
Employees, thousand	907.9 ¹⁾ +1.1%	894.7 ¹⁾ -1.8%	897.7 ²⁾ -0.7%
Exports, bn €	255.3 ³⁾ +3.3%	20.2 -2.7%	185.4 -3.4%
Imports, bn €	269.1 ³⁾ +2.3%	21.8 +0.1%	188.2 -7.0%
	2023	2024 October	2024 Jan - Oct
Producer prices	+5.8%	+1.3%	+1.6%
Material prices	+3.8%	+1.0%	+0.5%
Export prices	+3.5%	-0.1%	+0.7%
Import prices	+0.4%	-2.4%	-2.1%
Balance of positive and negative answers	2023	2024 November	2024 October
Business climate	±0	-17	-26
- Economic situation	+18	-22	-28
- Expected business for next 6 months	-16	-11	-24
Export expectations for next 3 months	-2	+2	-6
Production plans for next 3 months	-6	-13	-12
Employment plans	-2	-21	-26
	2023	2024 October	2024 July
Capacity utilization	85.0%	74.4%	75.6%
Reach of unfilled orders, in months	5.1	3.8	4.2

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