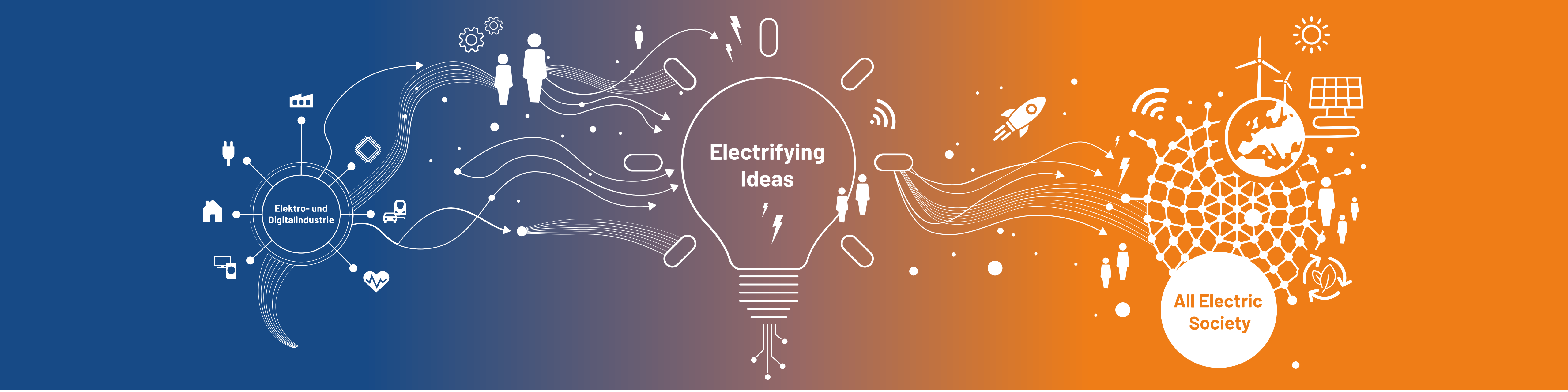
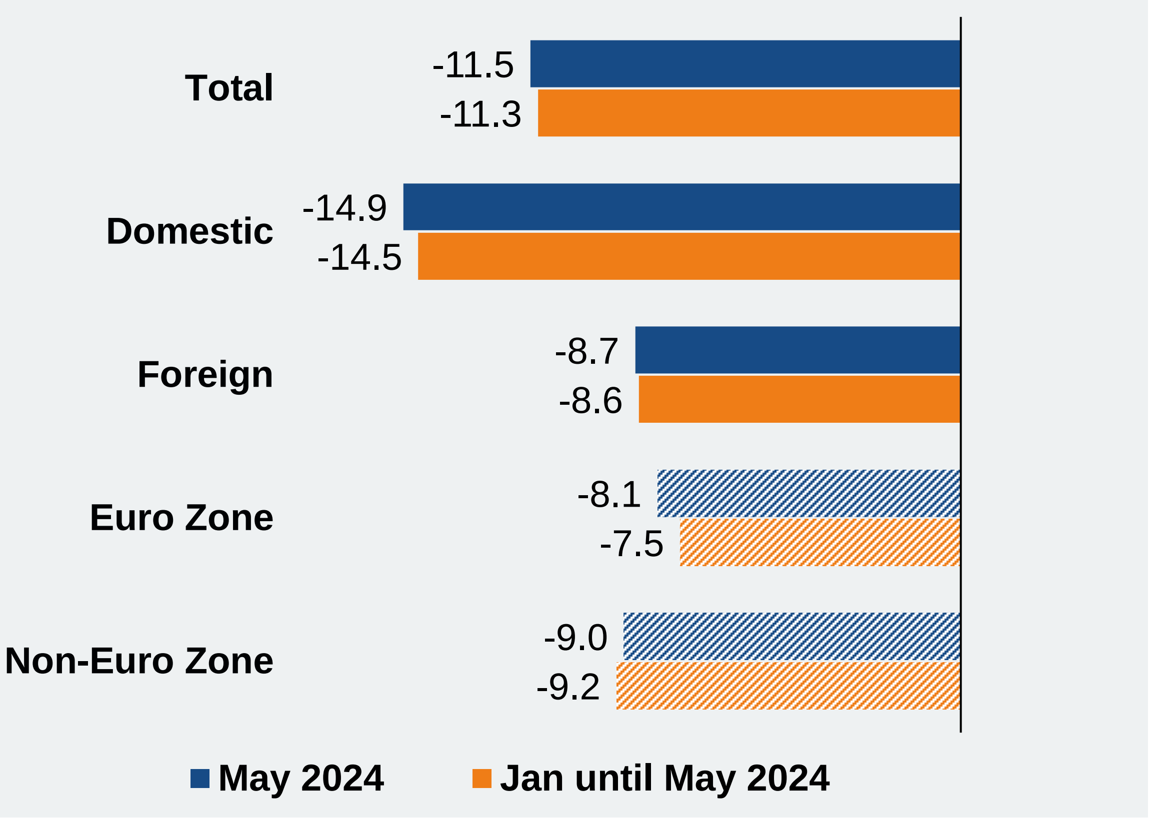


ZVEI Business Cycle Report

– Edition July 2024

German electro and digital industry
– New orders

% change on year earlier



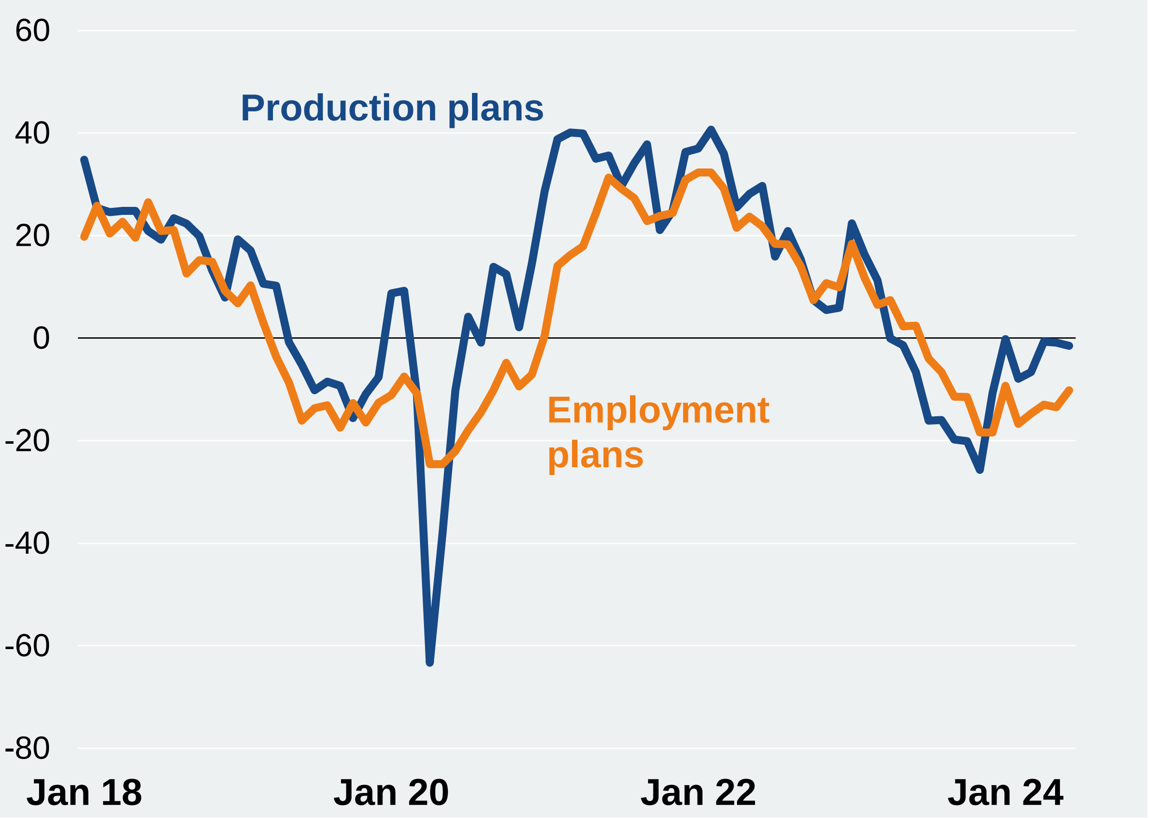
Source: Destatis and ZVEI's own calculations; allocation of foreign new orders shaded

The series of declines in **new orders** in the German electro and digital industry has yet not been stopped. In **May 2024** overall bookings once again failed their pre-year value by 11.5%. **Domestic orders** fell by 14.9% and, therewith, more sharply than **bookings from foreign clients** (-8.7%). Incoming orders from the euro zone were 8.1% down from a year earlier in May, while customers from third countries lowered their new orders by 9.0%.

In the **first five months of this year** taken together the value of new orders in our sector fell by 11.3% (again year-on-year rate). Once again, the decrease in bookings from domestic business partners (-14.5%) was more pronounced than the reduction in new orders from customers abroad (-8.6%). Finally, what incoming orders from the euro area and from third countries is concerned, the former fell by 7.5% between January and May and the latter by 9.2%.

German electro and digital industry
– Production and employment

balance (%-age points)



Source: ifo Institute

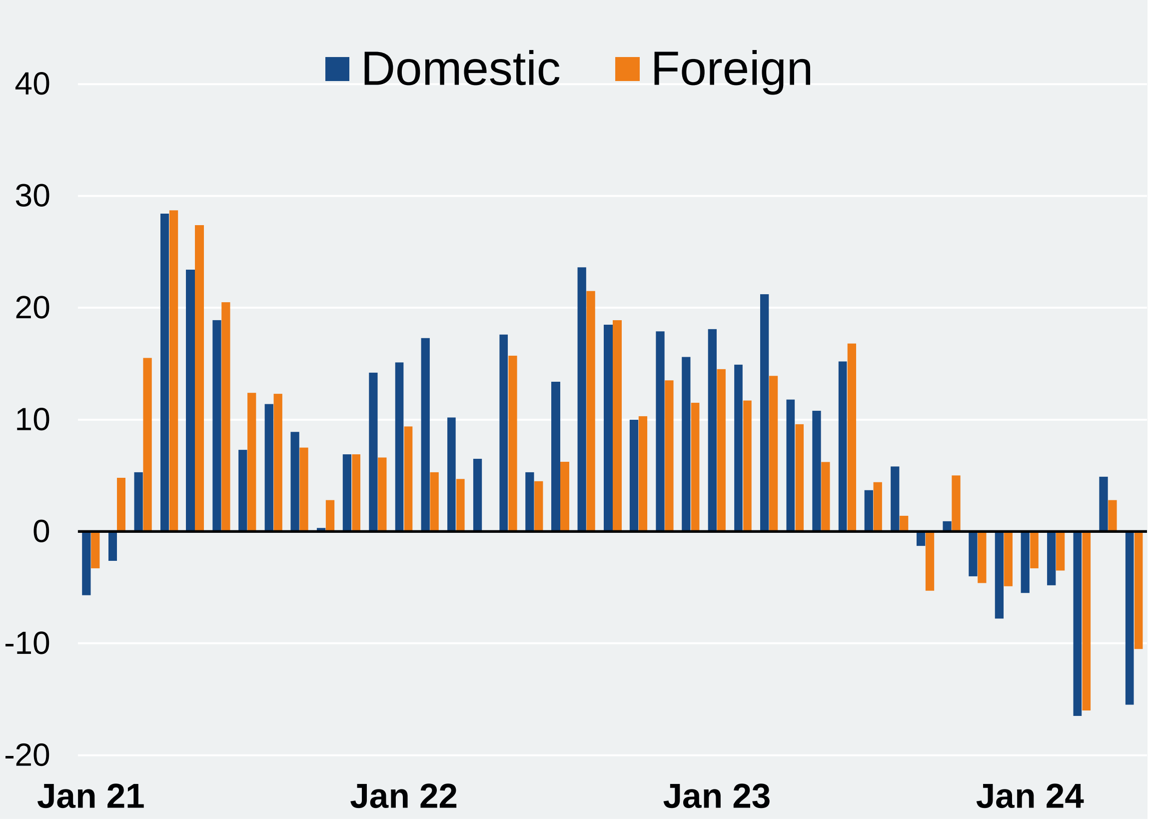
The sector's **real production** – i.e., the output of electrical and electronic products made in Germany adjusted for price – sagged by 15.7% (year-on-year) in **May 2024**. Only a small fraction of this recent decline can be explained by fewer working-days. In the **first five months of this year** the combined output missed its pre-year level by 9.7%.

The companies' **production plans** didn't change that much in **June 2024**, but their **employment plans** came in less unfavorable than still in May. The balance of firms intending to raise or rather curtail their output level in the next three months ahead stayed at -1 %-age point in June. With respect to the recruiting plans, however, the corresponding balance picked up from a reading of -14 to -10.

The **number of employees** within the German electro and digital industry stood at 901,500 at last. Thereof, 34,000 are currently working on short time.

German electro and digital industry
– Turnover

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

Nominal sales of the domestic electro and digital industry amounted to €17.2bn in **May 2024**, leaving them 12.8% lower than a year earlier.

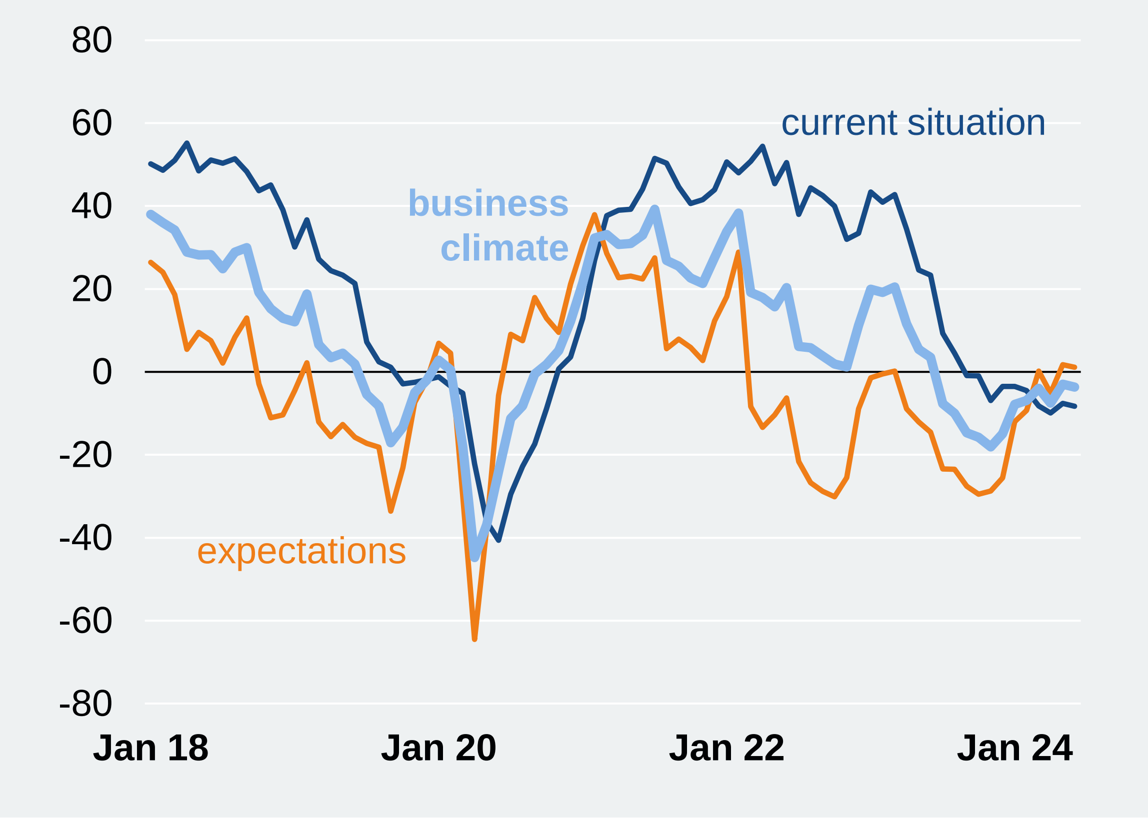
Domestic and foreign turnover sagged by 15.5% to €8.0bn and by 10.5% to €9.2bn in May, respectively. With €3.2bn sales to euro zone customers were 13.5% down compared to the year before. Revenues from businesses with clients outside the common currency area reached €6.0bn (-8.9%).

Accumulated from **January through May of this year** the sector's aggregated sales receded by 7.2% (year over year) to €91.4bn. In the same period, **producer prices** of electro products picked up by 1.9%.

Overall turnover was divided between €43.8bn in domestic sales and €47.6bn in foreign sales in the first five months. With it, the former failed its 2023 value by 7.9% and the latter by 6.6%. Eventually, sales to the euro area fell by 6.2% to €17.3bn, while turnover with countries that use other currencies than the euro decreased by 6.9% to €30.3bn.

German electro and digital industry
– Business climate

balance (%-age points)



Source: ifo Institute

The **business climate** in the German electro and digital industry hardly changed at all in **June 2024**. Both the companies' assessment of their **present economic situation** and their overall **business expectations** receded only very slightly compared to May. The latter thereby managed to stay flimsily above the zero line.

19% of our sector's firms depicted their current situation as good in June. At the same time, 54% and 27% found it stable or rather bad, respectively.

Looking ahead to the next six months to come, 18% of the domestic electro companies reckon with growing businesses. The majority of 65% are awaiting steady affairs, whereas 17% expect their activities to decline.

Export expectations stayed almost the same in June, too. Here, the balance of firms reckoning with rising or rather falling deliveries abroad in the next three months to come advanced only a bit, namely from a reading of +6 to +7 %-age points.

German electro and digital industry
– Business cycle figures

year over year, %	2023	2024 May	2024 Jan - May
New orders	-1.7%	-11.5%	-11.3%
domestic	+3.3%	-14.9%	-14.5%
foreign	-5.7%	-8.7%	-8.6%
euro zone	-9.2%	-8.1%	-7.5%
non-euro zone	-3.7%	-9.0%	-9.2%
Production, real	+0.1%	-15.7%	-9.7%
Turnover, bn €	237.9 +6.0%	17.2 -12.8%	91.4 -7.2%
domestic, bn €	114.6 +6.8%	8.0 -15.5%	43.8 -7.9%
foreign, bn €	123.3 +5.3%	9.2 -10.5%	47.6 -6.6%
euro zone, bn €	44.0 +5.9%	3.2 -13.5%	17.3 -6.2%
non-euro zone, bn €	79.3 +4.9%	6.0 -8.9%	30.3 -6.9%

year over year, %	2023	2024 April	2024 Jan - Apr
Employees, thousand	907.9 1) +1.1%	901.5 1) -0.4%	900.9 2) -0.1%
Exports, bn €	253.8 +2.7%	20.3 +7.0%	83.4 -1.7%
Imports, bn €	268.7 +2.1%	20.5 ±0.0%	83.9 -7.4%
	2023	**2024 May**	**2024 Jan - May**
Producer prices Material prices Export prices Import prices	+5.8% +3.8% +3.5% +0.4%	+1.7% +0.5% +0.9% -2.2%	+1.9% +0.1% +1.2% -2.0%
Balance of positive and negative answers	**2023**	**2024 June**	**2024 May**
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	-4 -8 +1 +7 -1	-3 -8 +2 +6 -1
	2023	**2024 April**	**2024 January**
Capacity utilization Reach of unfilled orders, in months	85.0% 5.1	80.5% 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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