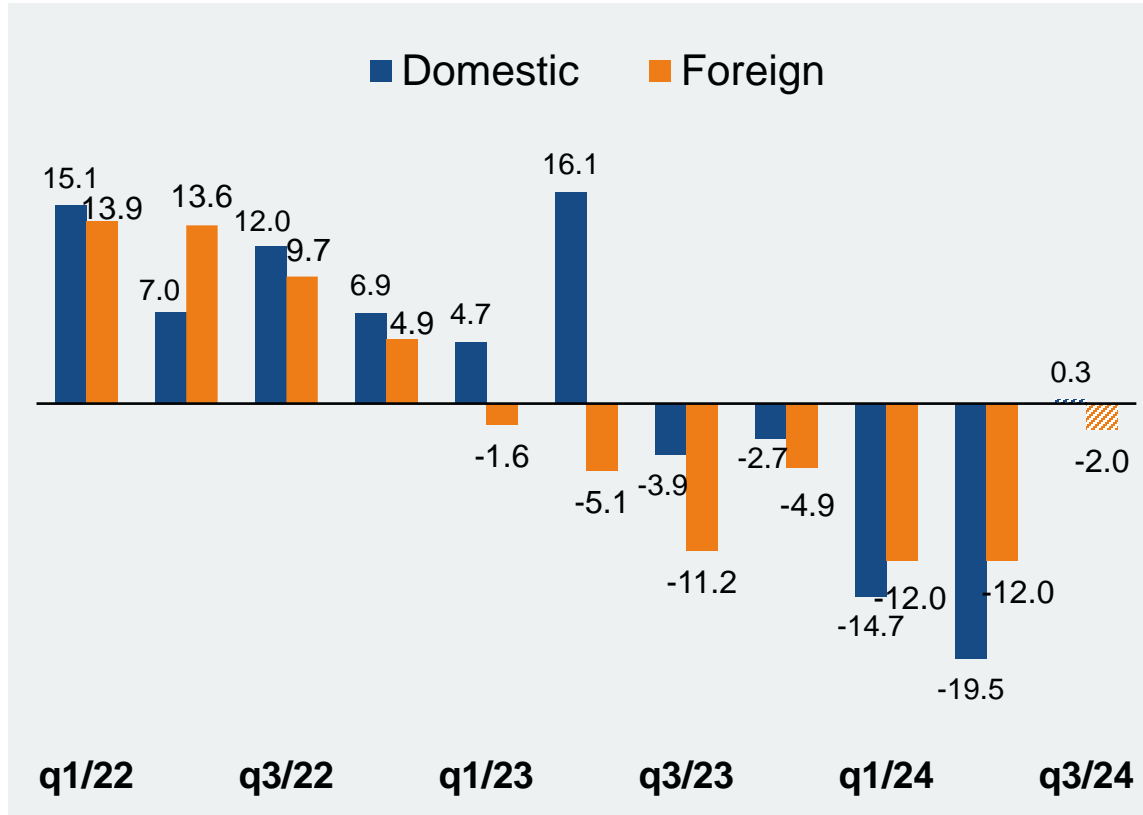


# ZVEI Business Cycle Report

– Edition November 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

**New orders** in the German electro and digital industry still failed their pre-year level by 5.3% in **September 2024**. At least, the recent decline has been only about half as large as on average in the preceding first eight months of this year.

**Domestic bookings** sagged by 11.1% in September, whereas **foreign orders** were merely 1.3% down compared to a year earlier. Euro zone clients' orders came in 14.9% lower than in September 2023. In contrast, new bookings from business partners outside the common currency area managed to grow by 6.7%.

In the **first three quarters of this year** taken together the value of new orders in our sector decreased by 10.2% (again year over year). With it, domestic bookings (-11.9%) gave in more starkly than new orders from abroad (-8.8%).

Finally, customers from the **euro area** and from **third countries** scaled their bookings down by 9.4% and 8.5%, respectively, between January and September.

# German electro and digital industry

## – Production, capacity utilization, reach of orders, obstacles

... % of firms reporting obstacles to manufacturing due to ...



Source: ifo Institute

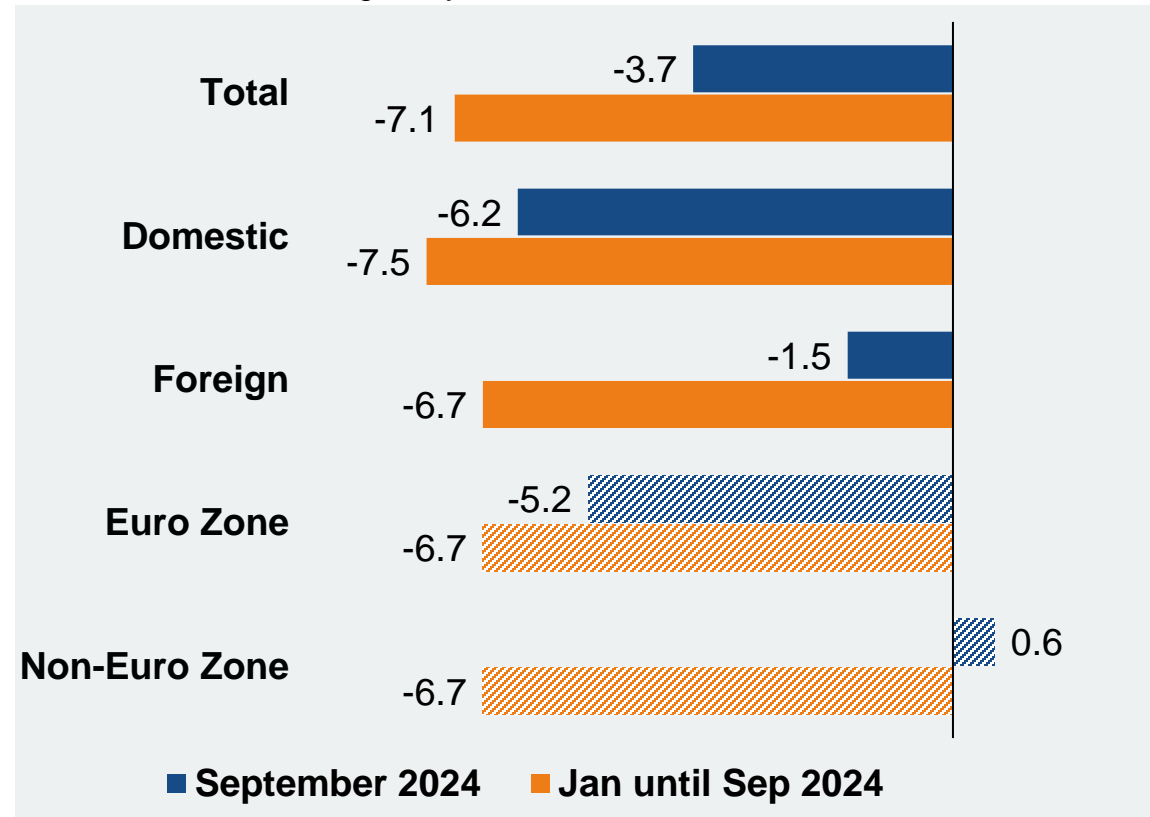
The sector's **real production** – i.e., its output adjusted for price – sagged by 9.6% (year-on-year rate) in **September 2024**. More or less, in the **first nine months of this year** the combined German production of electrical and electronic products was down by the same rate (-9.8%).

The **capacity utilization** within the domestic electro sector stood at 74.4% (of the normal full use level) at the beginning of the fourth quarter of this year. So, it has fallen further by more than a percentage point over the course of the last three months. The **reach of unfilled orders** was also down, namely to 3.8 (production) months.

As far as current difficulties to production are concerned, demand-side obstacles are manifesting themselves, as 57% of the electro and digital companies reported a **lack of new orders** in October. In contrast, supply-side problems like a **shortage of (skilled) workers** (as reported by 19% of the firms) and a **scarcity of materials** (7%) lost ground.

# German electro and digital industry – Turnover

Nominal values, % change on year earlier



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

With €19.8bn, **nominal sales** of the domestic electro and digital industry came in 3.7% lower than the year before in **September 2024**.

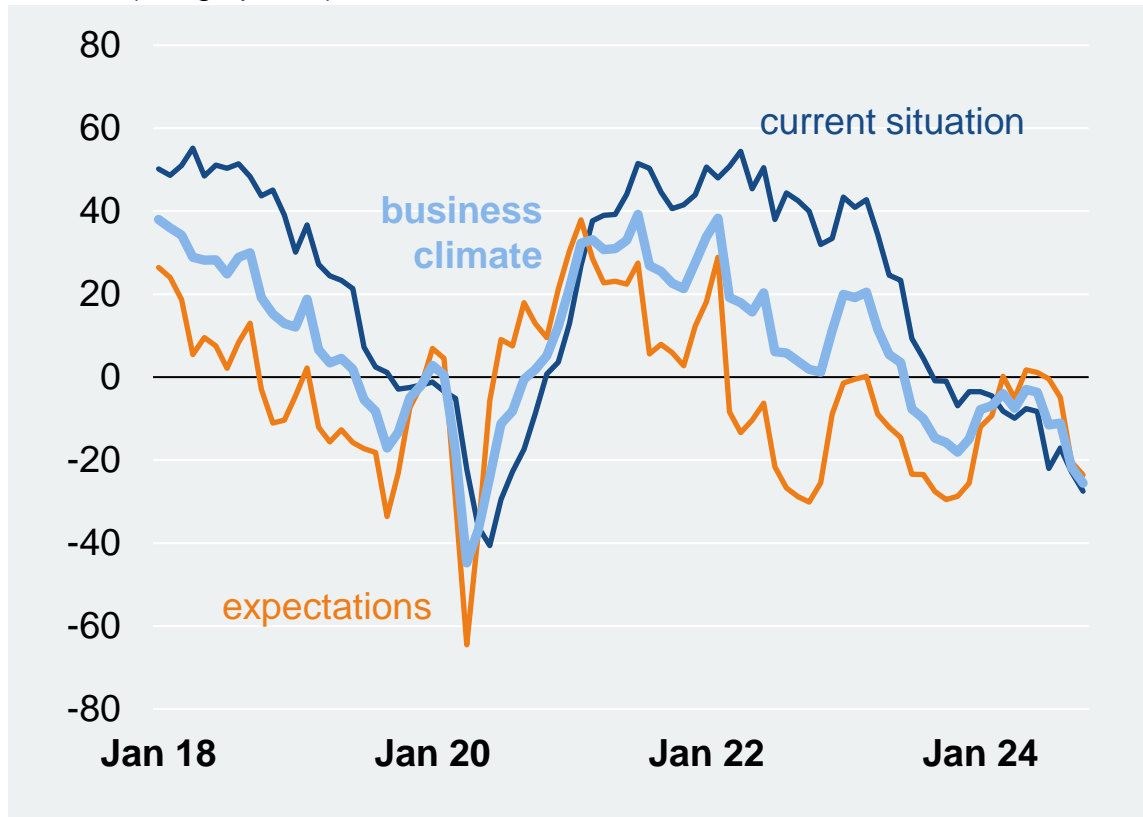
**Domestic turnover** fell by 6.2% to €9.3bn in September, whereas the **sales to foreigners** merely receded by 1.5% to €10.5bn. Here, businesses with euro zone customers decreased by 5.2% to €3.6bn, but revenues from third countries rose slightly by 0.6% to €6.9bn.

In the full **first three quarters of this year** our sector's aggregated sales amounted to €166.3bn, leaving them 7.1% smaller than a year earlier. In the same period, the **producer prices** of electro products have been 1.7% up on their 2023 level.

Domestic and foreign sales reached €79.6bn (-7.5%) and €86.7bn (-6.7%) from January through September, respectively. Both turnover with the **euro zone** and with **countries outside the common currency area** sagged by the same rate (-6.7%). With it, the former came to €31.0bn and the latter to €55.7bn.

# German electro and digital industry – Business climate

balance (%-age points)



Source: ifo Institute

The **business climate** in the German electro and digital industry underwent another setback in **October 2024**. Both the companies' assessment of their **present economic situation** and their overall **business expectations** sagged one more time. With it, the overall climate indicator slipped ever deeper into the red.

16% of our sector's firms depicted their current situation as good in October. At the same time, 41% and 43% found it stable or rather bad, respectively.

Looking ahead to the next six months to come, only 7% of the domestic electro companies still reckon with growing businesses. The majority of 62% are awaiting steady affairs, whereas 31% expect their future activities to decline.

At least, **export expectations** stayed almost the same in October. Here, the balance of firms reckoning with rising or rather falling deliveries abroad in the next three months to come receded only a bit, namely from -5 to -6 %-age points.

# German electro and digital industry

## – Business cycle figures

year over year, %	2023	2024 September	2024 Jan - Sep
<b>New orders</b>	-1.7%	-5.3%	-10.2%
domestic	+3.3%	-11.1%	-11.9%
foreign	-5.7%	-1.3%	-8.8%
euro zone	-9.2%	-14.9%	-9.4%
non-euro zone	-3.7%	+6.7%	-8.5%
<b>Production, real</b>	+0.1%	-9.6%	-9.8%
<b>Turnover, bn €</b>	237.9 +6.0%	19.8 -3.7%	166.3 -7.1%
domestic, bn €	114.6 +6.8%	9.3 -6.2%	79.6 -7.5%
foreign, bn €	123.3 +5.3%	10.5 -1.5%	86.7 -6.7%
euro zone, bn €	44.0 +5.9%	3.6 -5.2%	31,0 -6.7%
non-euro zone, bn €	79.3 +4.9%	6.9 +0.6%	55.7 -6.7%

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

year over year, %	2023	2024 August	2024 Jan - Aug
<b>Employees, thousand</b>	907.9 <sup>1)</sup> +1.1%	893.9 <sup>1)</sup> -1.4%	898.1 <sup>2)</sup> -0.6%
<b>Exports, bn €</b>	253.8 +2.7%	18.6 -7.6%	163.3 -3.5%
<b>Imports, bn €</b>	268,7 +2.1%	18.7 -8.0%	165.1 -7.9%
	2023	2024 September	2024 Jan - Sep
Producer prices	+5.8%	+1.4%	+1.7%
Material prices	+3.8%	+0.9%	+0.4%
Export prices	+3.5%	+0.1%	+0.8%
Import prices	+0.4%	-2.4%	-2,1%
Balance of positive and negative answers	2023	2024 October	2024 September
<b>Business climate</b>	±0	-26	-22
- Economic situation	+18	-28	-23
- Expected business for next 6 months	-16	-24	-21
Export expectations for next 3 months	-2	-6	-5
Production plans for next 3 months	-6	-12	-8
Employment plans	-2	-26	-19
	2023	2024 October	2024 July
<b>Capacity utilization</b>	85.0%	74.4%	75.6%
Reach of unfilled orders, in months	5.1	3.8	4.2

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