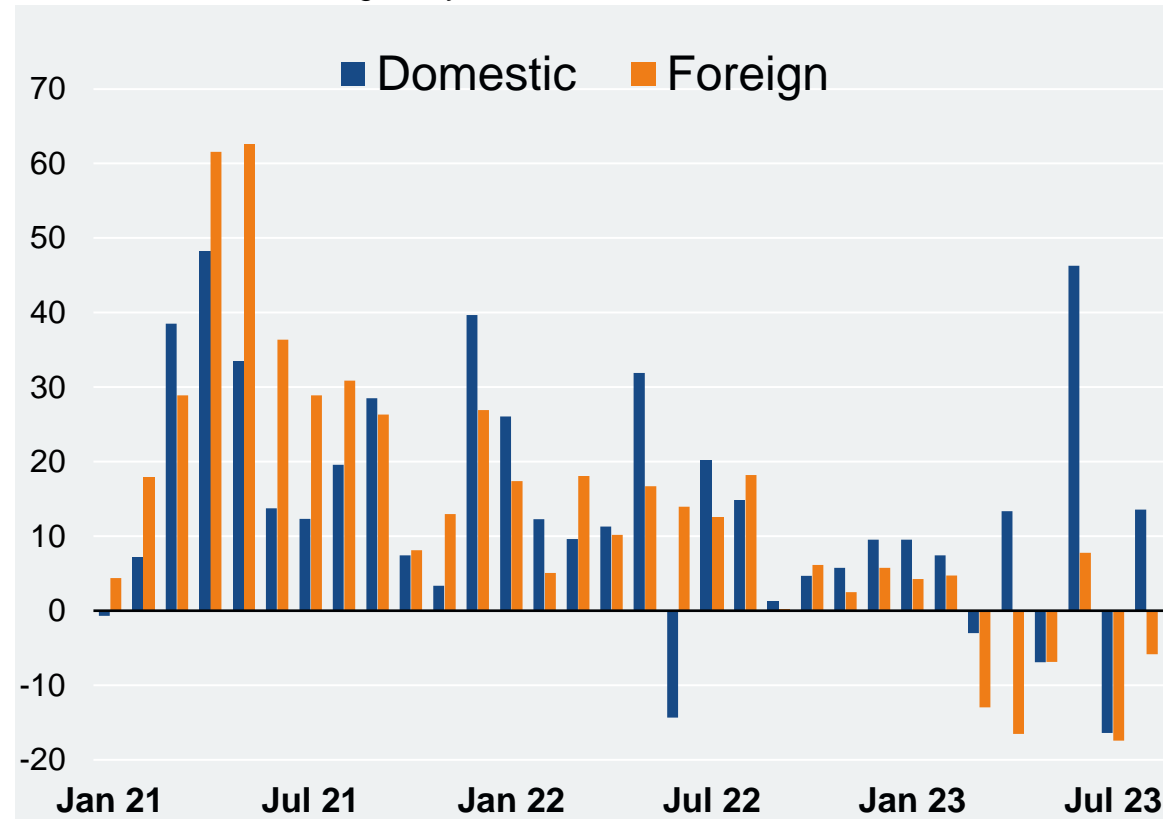


# ZVEI Business Cycle Report

– Edition October 2023

# German electro and digital industry – New orders

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

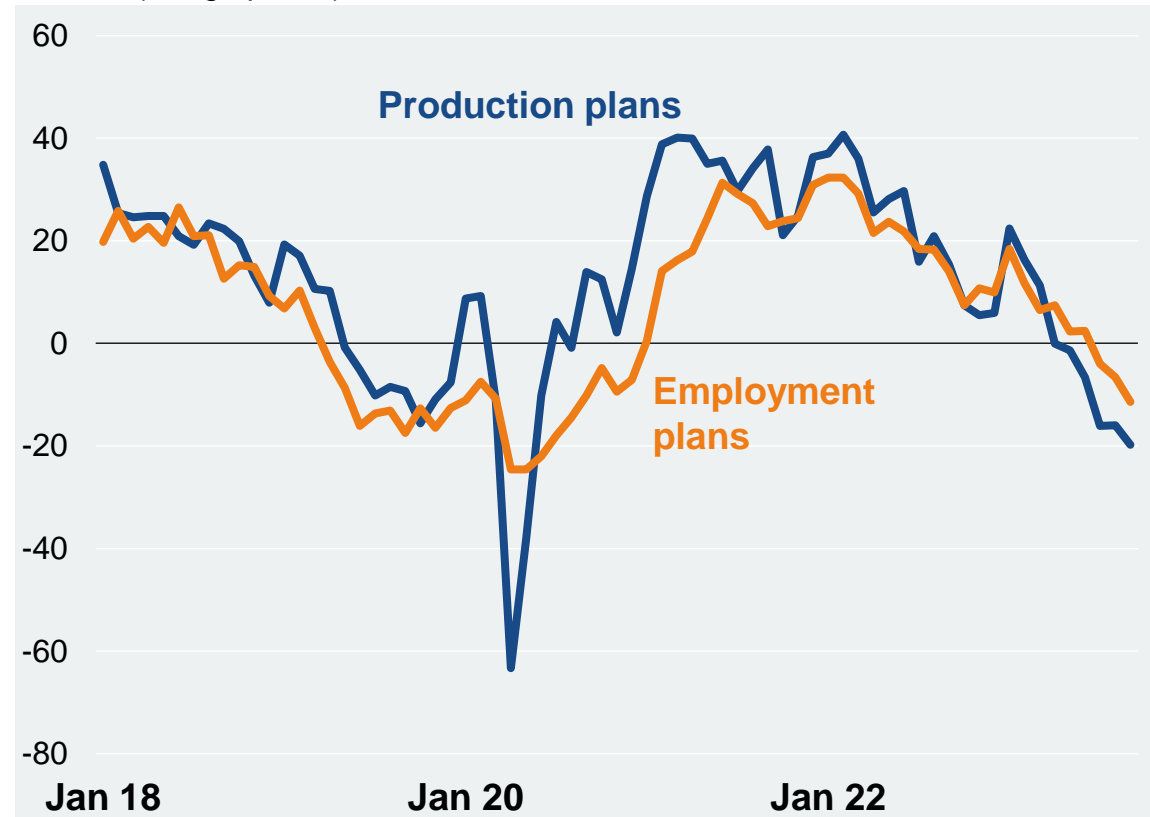
After their two-digit decline in the previous month, **new orders** in the German electro and digital industry were on the rise again in **August 2023**. Total bookings picked up by 2.4% (year-on-year rate).

Domestic orders – also, but not solely, due to bulk orders – increased by 13.6%. In contrast, foreign bookings continued to sag by 5.8%. While euro area customers reduced their orders by 19.0% in August, bookings from third countries were 1.8% up compared to a year earlier.

**From January through August** of this year, orders received by our sector failed their pre-year value only minimally – namely by 0.1%. Here, domestic bookings still managed to climb by 7.0%, whereas new orders from business partners abroad came in 5.7% lower than in the same period 2022 (euro zone: -10.2%, third countries: -3.1%).

# German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

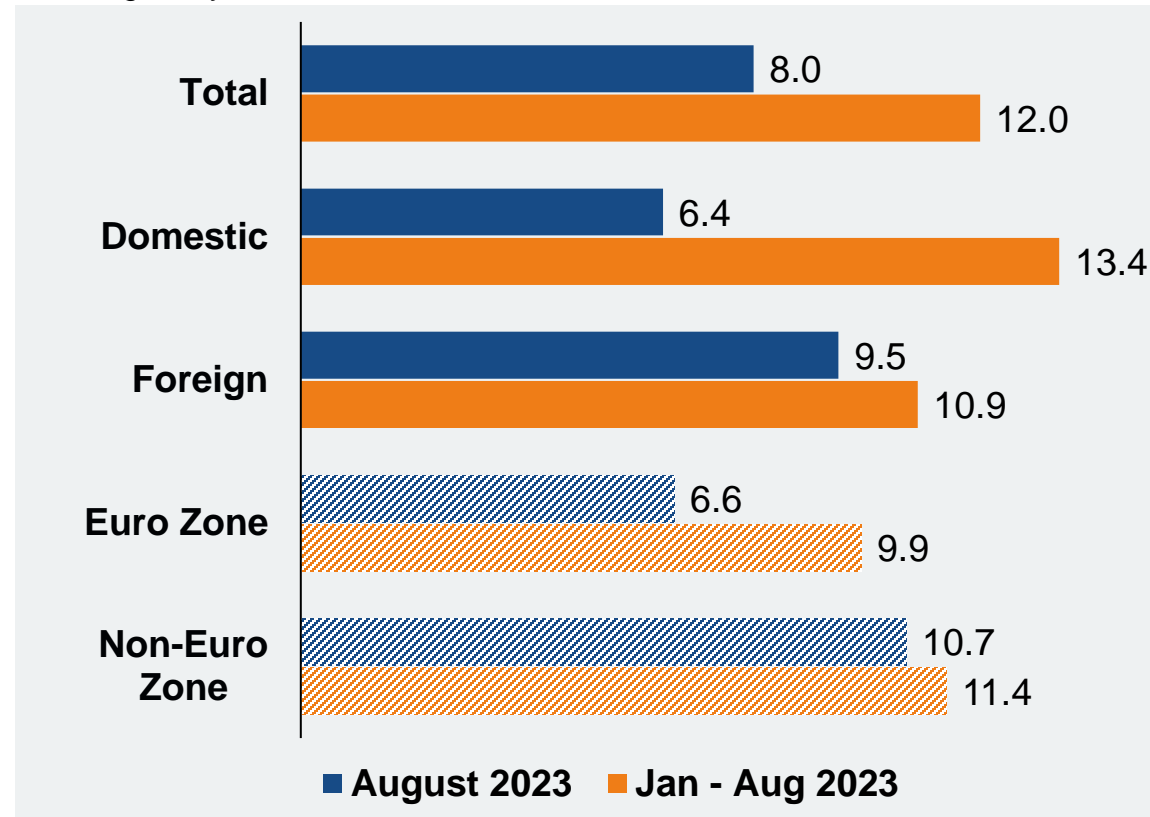
Against the background of a still comparatively high buffer of unfilled orders (which, however, is steadily receding), **price-adjusted production** of electrical and electronic products in Germany has been slightly on the rise in August. It advanced by 0.7% (year over year). With it, in the first eight months of this year the sector's aggregated output surpassed its respective 2022 level by 3.4%.

The firms' **production plans** have been revised lower in September. The balance of firms intending to raise or rather curtail their output in the next three months to come sank by 4 %-age points to a reading of -20.

The **number of employees** within the domestic electro and digital industry came to 908,000 at last, leaving them 2.7% higher than a year earlier. However, the firms' current recruitment plans are – on balance – negative, too (-11 %-age points).

# German electro and digital industry – Turnover

% change on year earlier



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

**Sales** of the domestic electro and digital industry grew by 8.0% (again year-on-year rate) to €20.6bn in **August 2023**. Producer prices were up 4.9% in the same month.

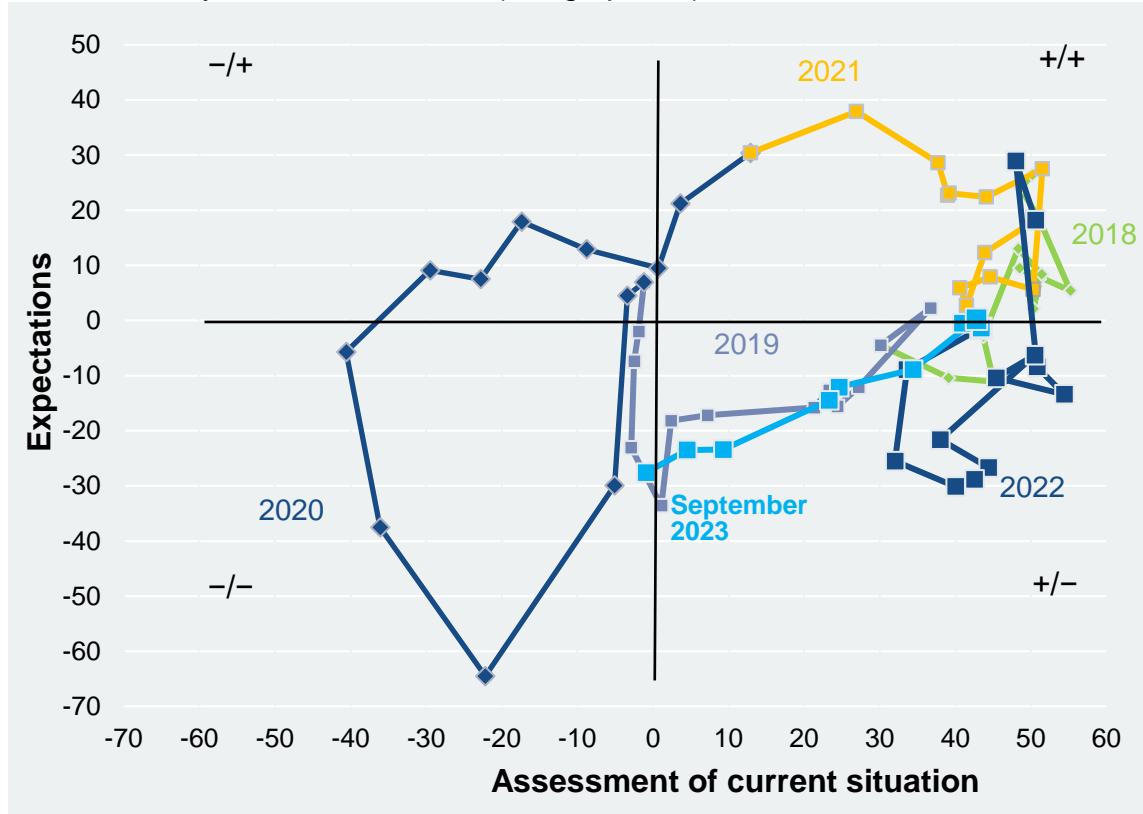
Domestic turnover picked up by 6.4% to €9.6bn in August. Sales to foreigners advanced by 9.5% to €11.0bn. Here, revenues with business partners from the euro area rose by 6.6% to €3.5bn, while sales to third countries were 10.7% up on their pre-year value, reaching €7.5bn.

**In the first eight months** of this year the sector's aggregated revenues came to €159.9bn, leaving them 12.0% higher than in the same period last year. Businesses with domestic clients increased by 13.4% to €76.7bn. In the same period, sales to foreign customers were 10.9% on the rise, amounting to €83.2bn (euro zone: +9.9% to €29.5bn, third countries: +11.4% to €53.7bn).

# 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 fell for the sixth consecutive months in September of this year. Both the firms' assessment of their **present economic situation** and their **overall business expectations** changed for the worse compared to August. With it, the former have – on balance – slipped into negative territory now, too.

29% of the sector's companies still evaluated their present situation as good in September. At the same time, 41% and 30% found it stable or rather bad, respectively.

Regarding the next six months ahead, only 9% of the firms still reckon with rising activities. While 55% are expecting steady affairs, 36% await declining businesses instead.

**Export expectations** sagged in September, too. Here, the recent decline was already the eighth in a row. The balance of firms looking forward to expanding or contracting deliveries abroad in the next three months meanwhile stands at -16 %-age points.

# German electro and digital industry

## – Business cycle figures

year over year, %	2022	2023 August	2023 Jan - Aug
<b>New orders</b>	+10.2%	+2.4%	-0.1%
domestic	+10.0%	+13.6%	+7.0%
foreign	+10.4%	-5.8%	-5.7%
euro zone	+15.3%	-19.0%	-10.2%
non-euro zone	+7.8%	+1.8%	-3.1%
<b>Production, real</b>	+3.7%	+0.7%	+3.4%
<b>Turnover, bn €</b>	224.5 +12.0%	20.6 +8.0%	159.9 +12.0%
domestic, bn €	107.3 +14.2%	9.6 +6.4%	76.7 +13.4%
foreign, bn €	117.2 +10.1%	11.0 +9.5%	83.2 +10.9%
euro zone, bn €	41.6 +8.1%	3.5 +6.6%	29.5 +9.9%
non-euro zone, bn €	75.6 +11.2%	7.5 +10.7%	53.7 +11.4%

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

year over year, %	2022	2023 July	2023 Jan - July
<b>Employees, thousand</b>	898.0 <sup>1)</sup> +2.7%	908.0 <sup>1)</sup> +2.7%	905.0 <sup>2)</sup> +3.1%
<b>Exports, bn €</b>	245.8 +8.6%	19.4 -0.5%	147.3 +7.6%
<b>Imports, bn €</b>	262.1 +18.4%	20.3 +0.5%	157.4 +10.1%
	2022	2023 August	2023 Jan - Aug
Producer prices	+7.5%	+4.9%	+6.9%
Material prices	+13.0%	+0.2%	+4.6%
Export prices	+7.3%	+3.0%	+5.0%
Import prices	+8.9%	-0.8%	+1.8%
Balance of positive and negative answers	2022	2023 September	2023 August
<b>Business climate</b>	+15	-15	-10
- Economic situation	+44	-1	+5
- Expected business for next 6 months	-11	-27	-23
Export expectations for next 3 months	+10	-16	-6
Production plans for next 3 months	+22	-20	-16
	2022	2023 July	2023 April
<b>Capacity utilization</b>	88.2%	84.6%	85.7%
Reach of unfilled orders, in months	5.3	4.7	5.2

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