

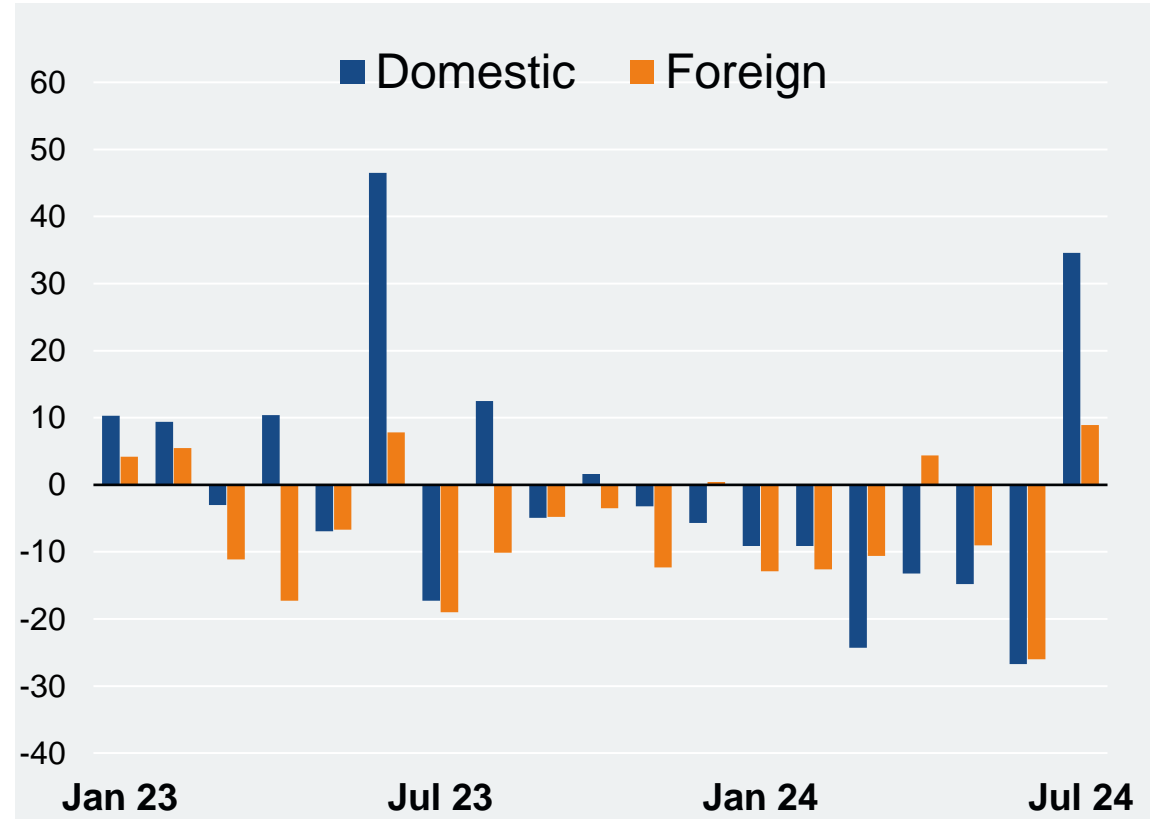
ZVEI Business Cycle Report

– Edition September 2024

German electro and digital industry

– New orders

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

In **July 2024**, the German electro and digital industry has collected 20.8% more **new orders** than in the year before. Although it happened on a comparatively low basis, the recent increase was the first one in about one year.

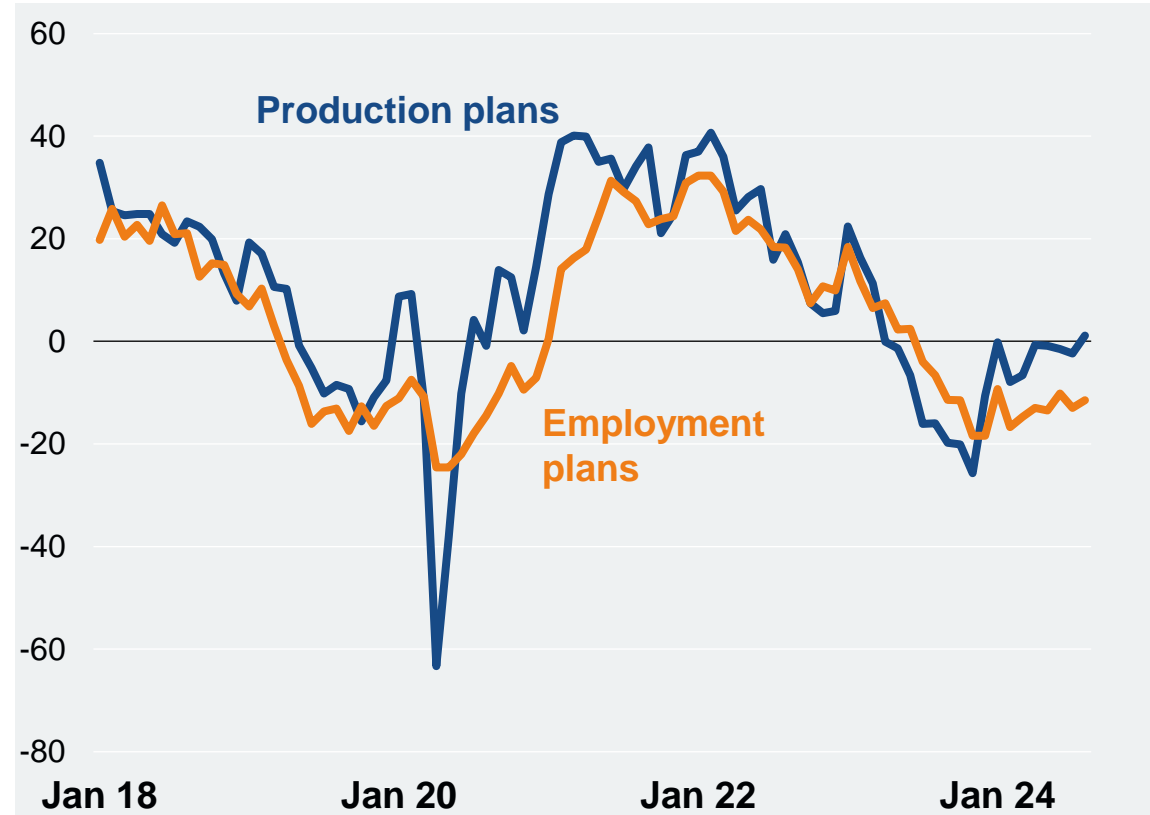
Thereby, the rise in domestic bookings (+34.6%) was significantly bigger than with foreign orders (+8.9%). Euro zone customers raised their bookings by 8.1% in July. New orders from countries outside the common currency area were 9.2% up.

In the full **first seven months of this year** order intake in our sector still missed its pre-year value by 10.2%. Here, bookings from domestic clients were 11.0% down.

New orders from foreign business partners receded by 9.5% (again year-on-year rate) from January through July. While bookings from the euro area came in 7.5% lower, new orders from third countries were 10.5% on the decline.

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

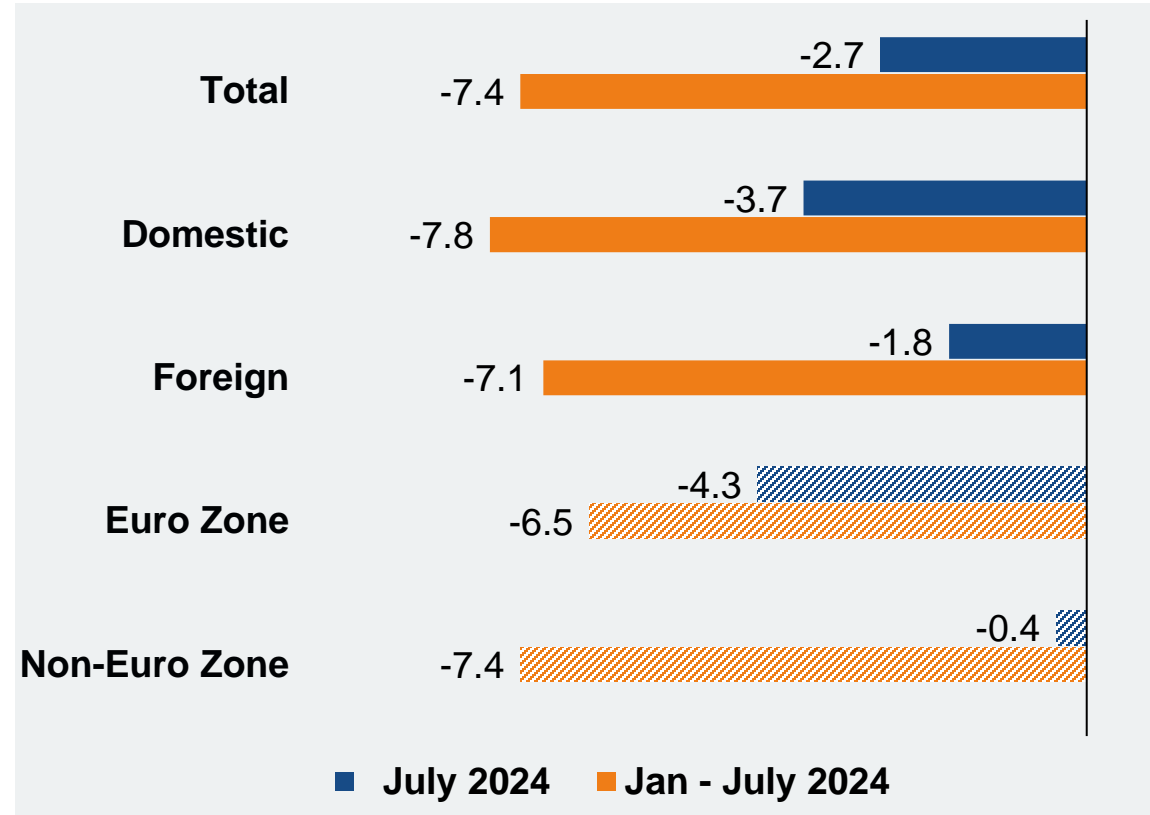
The sector's **real production** – i.e., the output of electrical and electronic products made in Germany adjusted for price – still failed its pre-year level by 4.9% in **July 2024**. At least, the rate of reduction was only half as high as on average in the first half-year. In the period **from January through July** the sector's combined output was down 9.3% compared to a year earlier.

Both the companies' **production and employment plans** have recovered somewhat in **August 2024**. The former even managed to turn positive again. The balance of firms wanting to raise or rather curb their output level in the next three months ahead advanced from -2 %-age points in July to a reading of +1 now. With recruiting plans, here the corresponding balance slightly rose from -13 to -12 %-age points.

The **number of employees** within the German electro and digital industry came to 895,000 at the end of the first half-year of 2024. Thereof, 31,200 are currently working on short time.

German electro and digital industry – Turnover

% change on year earlier



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

Nominal sales of the domestic electro and digital industry came to €18.1bn in **July 2024** and, therewith, were 2.7% lower than a year earlier.

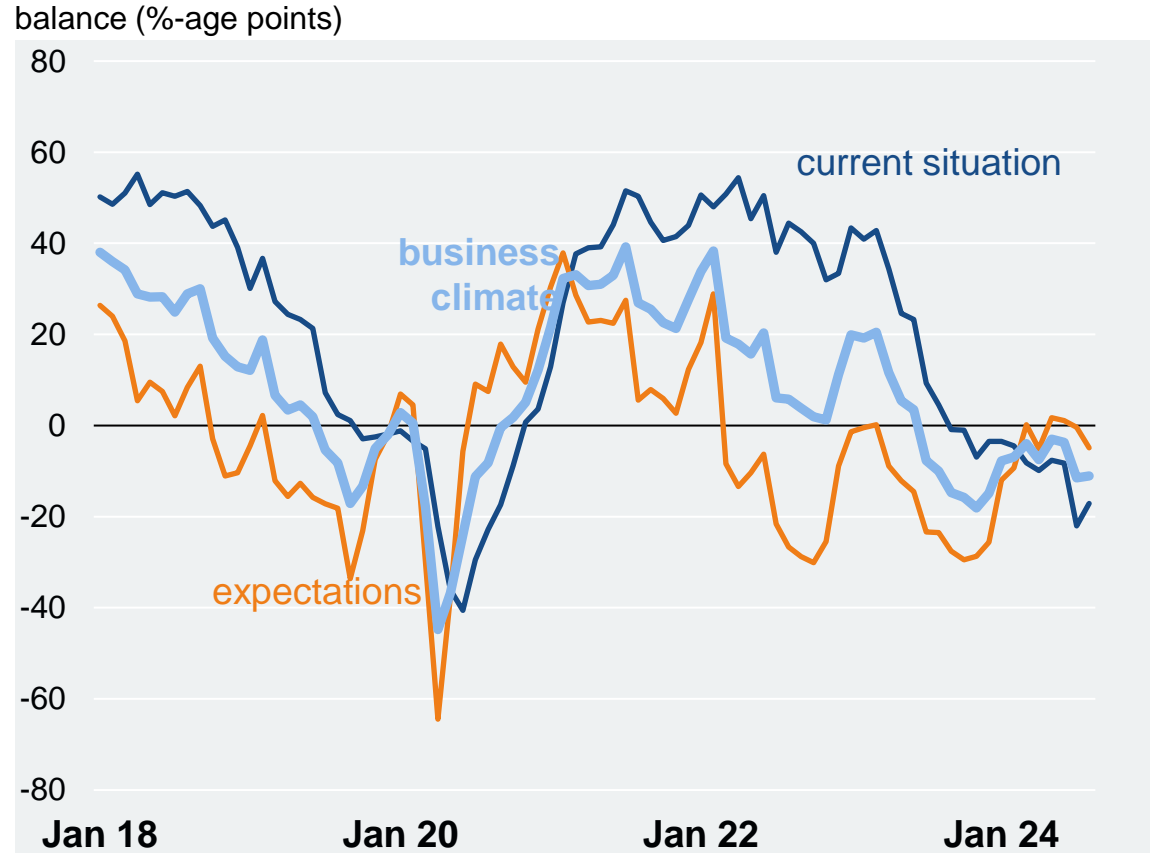
Domestic and foreign turnover fell by 3.7% to €8.6bn and by 1.8% to €9.5bn, respectively. Sales to partners from the euro area decreased by 4.3% to €3.3bn in July, while revenues from businesses with third countries receded only slightly by 0.4% to €6.2bn.

In the **first seven months of this year** taken together the sector's aggregated sales amounted to €128.4bn, leaving them 7.4% lower than in the same period the year before. **Producer prices** in our industry, thereby, were 1,7% higher between January and July compared to the same period in 2023.

Both domestic and foreign turnover were down from January through July 2024. The former by 7.8% (to €61.5bn) and the latter by 7.1% (to €66.9bn). With it, sales worth €24.2bn (-6.5%) were made to euro zone clients and businesses of €42.7bn (-7.4%) with countries from other currency areas.

German electro and digital industry

– Business climate



Source: ifo Institute

The overall **business climate** in the German electro and digital industry has moved sideways in **August 2024**. On the one hand, the companies' assessment of their **present economic situation** changed for the better compared to July. However, their **business expectations** once again receded.

20% of the sector's firms evaluated their current situation as good in August. At the same time, 43% and 37% described it as stable or rather bad, respectively.

Looking ahead to the next six months to come, 17% of the domestic electro companies are awaiting rising affairs. The majority of 61% reckon with steady activities, and 22% expect their businesses to go down.

August's **export expectations** also remained where they were. As in July, the balance of firms calculating with increasing or rather decreasing deliveries abroad in the next three months to come stood at -2 %-age points.

German electro and digital industry

– Business cycle figures

year over year, %	2023	2024 July	2024 Jan - July
New orders	-1.7%	+20.8%	-10.2%
domestic	+3.3%	+34.6%	-11.0%
foreign	-5.7%	+8.9%	-9.5%
euro zone	-9.2%	+8.1%	-7.5%
non-euro zone	-3.7%	+9.2%	-10.5%
Production, real	+0.1%	-4.9%	-9.3%
Turnover, bn €	237.9 +6.0%	18.1 -2.7%	128.4 -7.4%
domestic, bn €	114.6 +6.8%	8.6 -3.7%	61.5 -7.8%
foreign, bn €	123.3 +5.3%	9.5 -1.8%	66.9 -7.1%
euro zone, bn €	44.0 +5.9%	3.3 -4.3%	24.2 -6.5%
non-euro zone, bn €	79.3 +4.9%	6.2 -0.4%	42.7 -7.4%

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

year over year, %	2023	2024 June	2024 Jan - June
Employees, thousand	907.9 ¹⁾ +1.1%	895.0 ¹⁾ -0.8%	899.3 ²⁾ -0.7%
Exports, bn €	253.8 +2.7%	19.6 -7.8%	123.3 -3.7%
Imports, bn €	268.7 +2.1%	19.2 -14.4%	124.2 -9.1%
	2023	2024 July	2024 Jan - July
Producer prices	+5.8%	+1.4%	+1.7%
Material prices	+3.8%	+0.8%	+0.3%
Export prices	+3.5%	+0.4%	+1.0%
Import prices	+0.4%	-2.2%	-2.1%
Balance of positive and negative answers	2023	2024 August	2024 July
Business climate	±0	-11	-12
- Economic situation	+18	-17	-22
- Expected business for next 6 months	-16	-5	±0
Export expectations for next 3 months	-2	-2	-2
Production plans for next 3 months	-6	+1	-2
	2023	2024 July	2024 April
Capacity utilization	85.0%	75.6%	80.5%
Reach of unfilled orders, in months	5.1	4.2	4.2

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