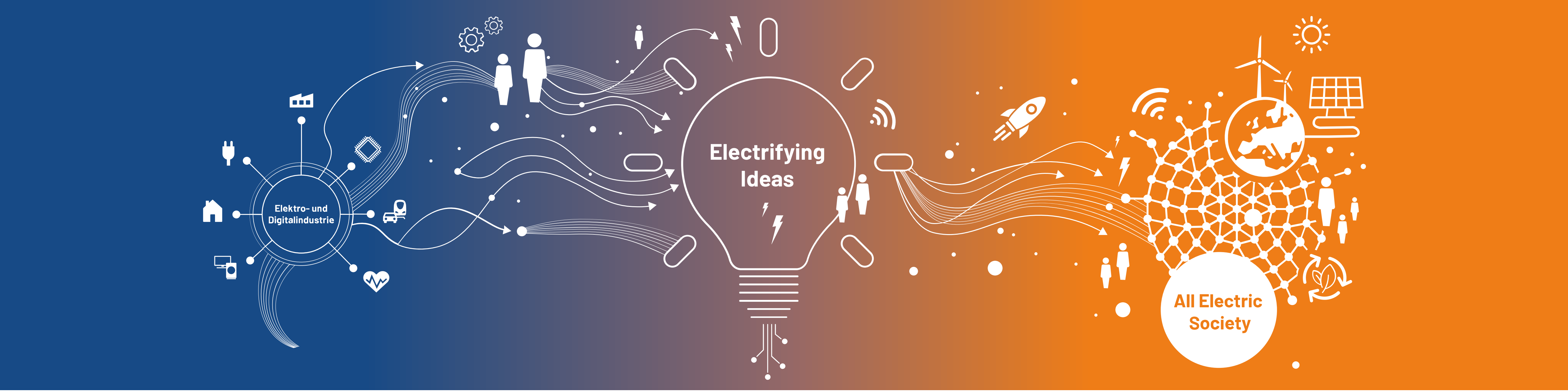


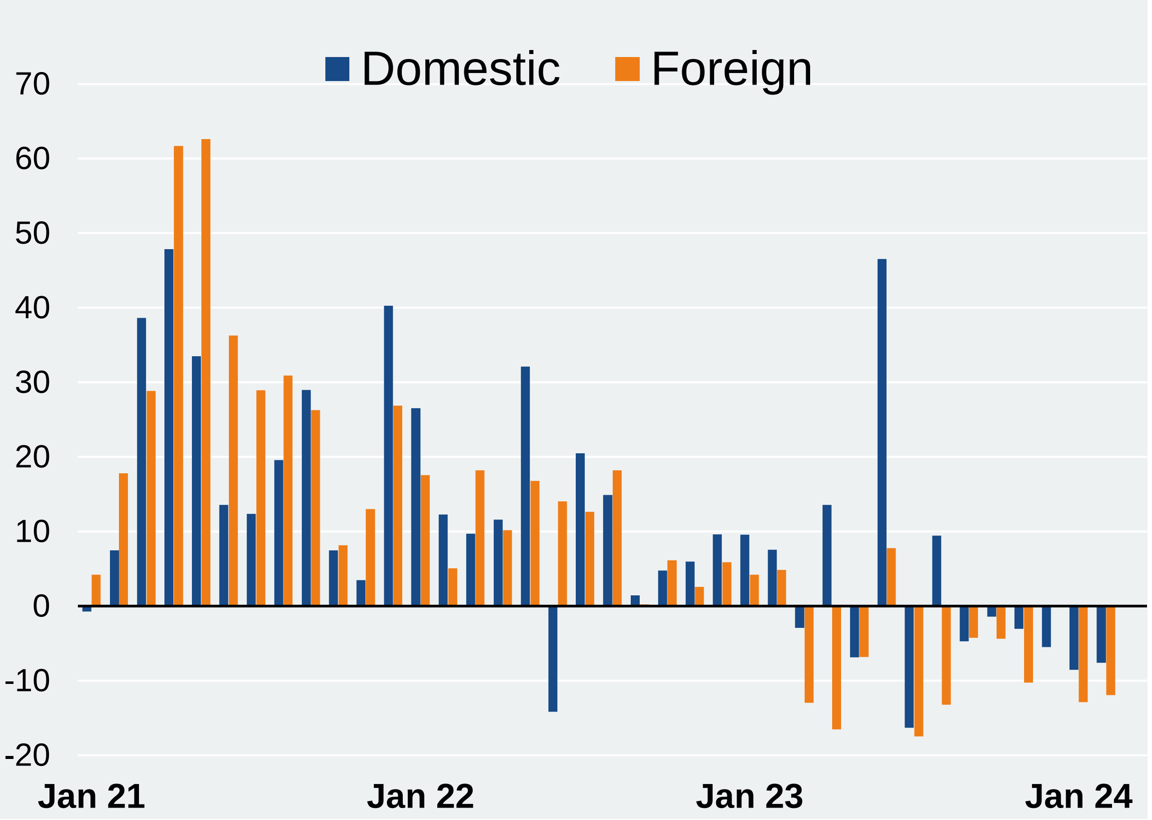
ZVEI Business Cycle Report

– Edition April 2024

zvei electrifying ideas

German electro and digital industry
– New orders

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

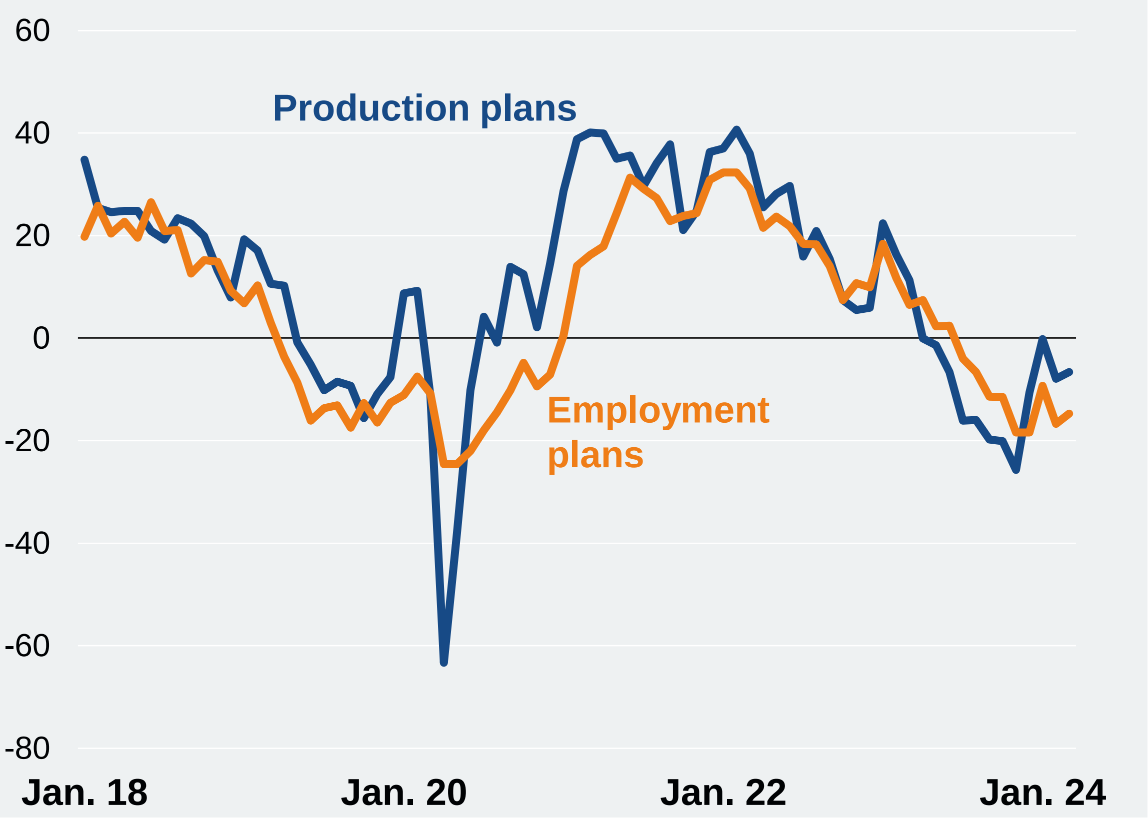
New orders in the German electro and digital industry have been on the decline in **February 2024**, too. More or less, they sagged by the same rate as in January. With it, total bookings were down 10.0% compared to a year earlier.

While domestic orders decreased by 7.6% in February, new bookings from abroad fell more sharply, namely by 11.9%. There were 10.1% fewer new orders from euro zone clients and 12.8% less bookings from customers outside the common currency area than in February 2023.

In the **first two months of this year** the value of new orders received in our sector failed its pre-year level by 10.5%. Here, domestic orders receded by 8.1%, whereas new bookings from foreign business partners dropped by 12.4% (euro area: -9.7%, non-euro area: -13.9%).

German electro and digital industry
– Production and employment

balance (%-age points)



Source: ifo Institute

The sector's **real production** – i.e., output of electrical and electronic products in Germany adjusted for price – came in 5.5% lower in **February 2024** compared to the year before.

Accumulated **from January through February of this year** the aggregated output was 5.9% down from the same period in 2023.

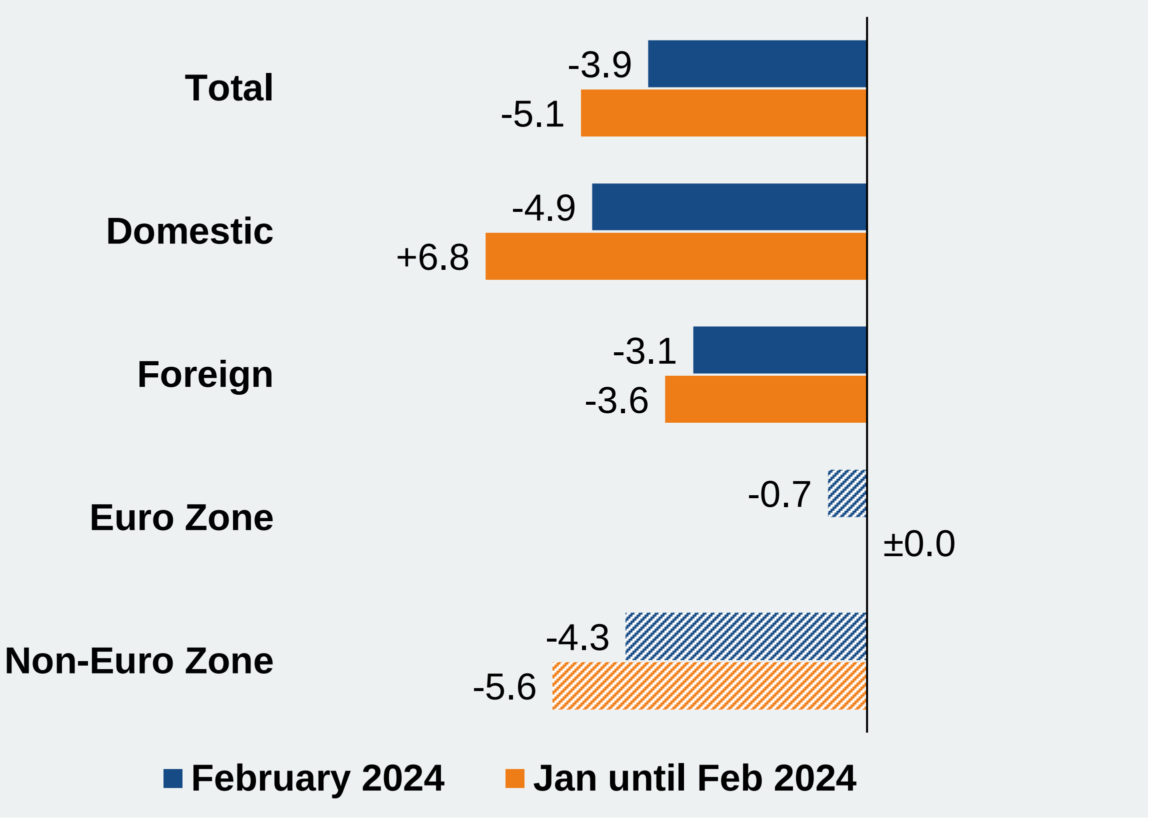
Compared to February, the electro companies' **production plans** were slightly up in **March 2024**. However, with -7 %-age points the balance of firms intending to raise or rather lower their output level in the next three months to come still resides in negative territory.

The same holds for **recruiting plans**. Here, the corresponding balance picked up from a reading of -17 to -15 now.

The **number of employees** within the domestic electro and digital industry came to 901,400 most recently.

German electro and digital industry
– Turnover

% change on year earlier



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

With €18.4bn, overall **nominal sales** of the domestic electro and digital industry were down 3.9% (year over year) in **February 2024**. With it, turnover with domestic and foreign customers came to €8.8bn (-4.9%) and €9.6bn (-3.1%), respectively.

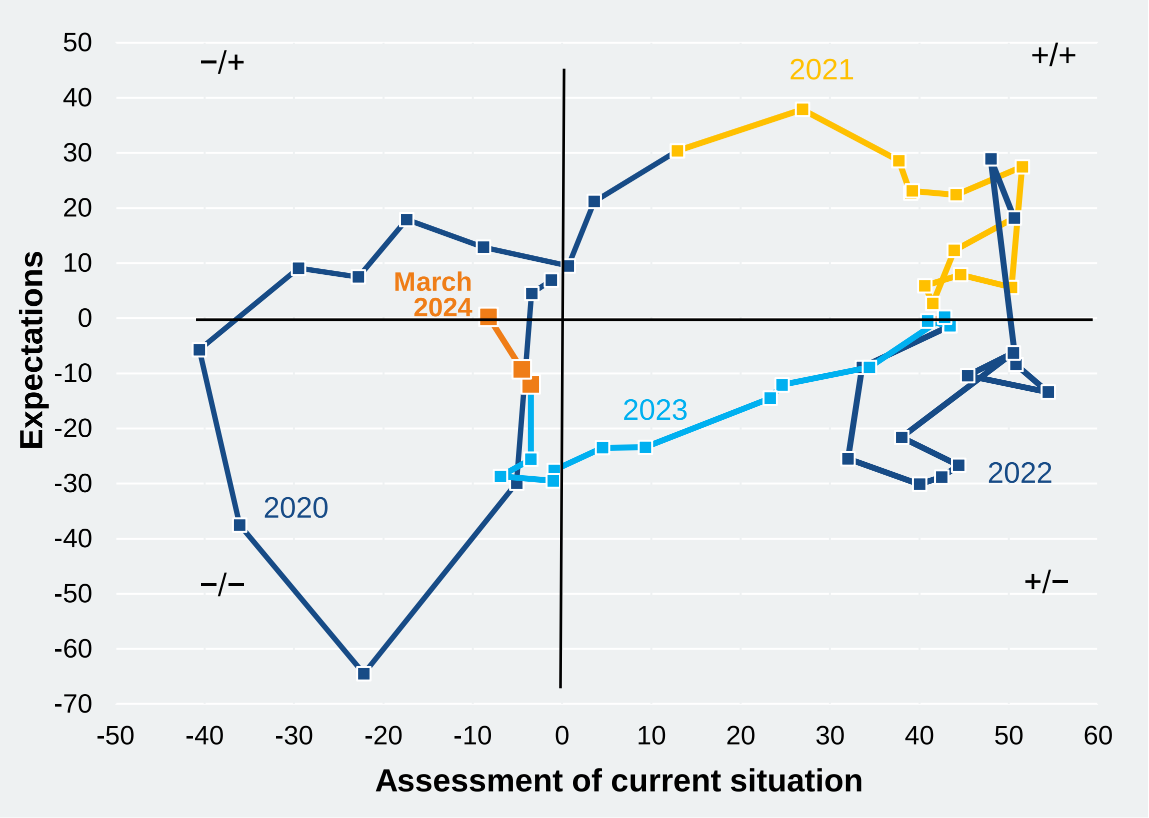
While sales to business partners from the euro zone slightly declined by 0.7% (year-on-year) to €3.6bn in February, turnover with customers from outside the common currency area fell by 4.3% to €6.0bn.

From **January through February 2024** our sector's aggregated sales receded by 5.1% to €35.5bn. Note that this still includes a 2.1% increase in industry-wide **producer prices** during the same period.

Domestic sales came to a value of €16.9bn (-6.8%) in the first two months. Businesses with foreign clients (of €18.6bn) were 3.6% down. Eventually, sales to partners from the euro zone (±0.0% to €7.0bn) fared better than those to non-euro zone customers (-5.6% to €11.6bn).

German electro and digital industry
– Business climate

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



Source: ifo Institute

Indeed, the **business climate** in the German electro and digital industry continued to recover in March 2024, too – i.e., for the fourth straight month. However, the companies' assessment of their **present economic situation** and their **overall business expectations** headed into opposite directions. The former was down compared to February, whereas the latter rose somewhat and even managed to turn slightly positive once again for the first time in a year.

22% of the sector's firms evaluated their current situation as good in March. At the same time, 48% and 30% found it stable or rather bad, respectively.

Looking ahead for the next six months to come, 22% of our companies reckon with expanding businesses. Again 22% are awaiting declining affairs, while 56% foresee unchanged activities.

Export expectations fell back in March. Here, the balance of firms looking forward to increasing or rather decreasing deliveries abroad in the next three months to come sagged markedly from +4 to -6 %-age points.

German electro and digital industry
– Business cycle figures

year over year, %	2023	2024 February	2024 Jan - Feb
New orders	-1.9%	-10.0%	-10.5%
domestic	+3.0%	-7.6%	-8.1%
foreign	-5.9%	-11.9%	-12.4%
euro zone	-9.3%	-10.1%	-9.7%
non-euro zone	-4.0%	-12.8%	-13.9%
Production, real	±0.0%	-5.5%	-5.9%
Turnover, bn €	237.9 +6.0%	18.4 -3.9%	35.5 -5.1%
domestic, bn €	114.6 +6.8%	8.8 -4.9%	16.9 -6.8%
foreign, bn €	123.3 +5.3%	9.6 -3.1%	18.6 -3.6%
euro zone, bn €	44.0 +5.9%	3.6 -0.7%	7.0 ±0.0%
non-euro zone, bn €	79.3 +4.9%	6.0 -4.3%	11.6 -5.6%

year over year, %	2023	2024 January	2024 Jan - Jan
Employees, thousand	907.9 1) +1.1%	901.4 1) +0.2%	901.4 2) +0.2%
Exports, bn €	253.8 +2.7%	20.8 +0.3%	20.8 +0.3%
Imports, bn €	268.7 +2.1%	21.3 -7.2%	21.3 -7.2%
	2023	**2024 February**	**2024 Jan - Feb**
Producer prices Material prices Export prices Import prices	+5.8% +3.8% +3.5% +0.4%	+1.9% -0.1% +1.6% -1.9%	+2.1% ±0.0% +1.5% -1.9%
Balance of positive and negative answers	**2023**	**2024 March**	**2024 February**
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 ±0 -6 -7	-7 -5 -9 +4 -8
	2023	**2024 January**	**2023 October**
Capacity utilization Reach of unfilled orders, in months	85.0% 5.1	80.5% 4.1	81.8% 4.8

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

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