

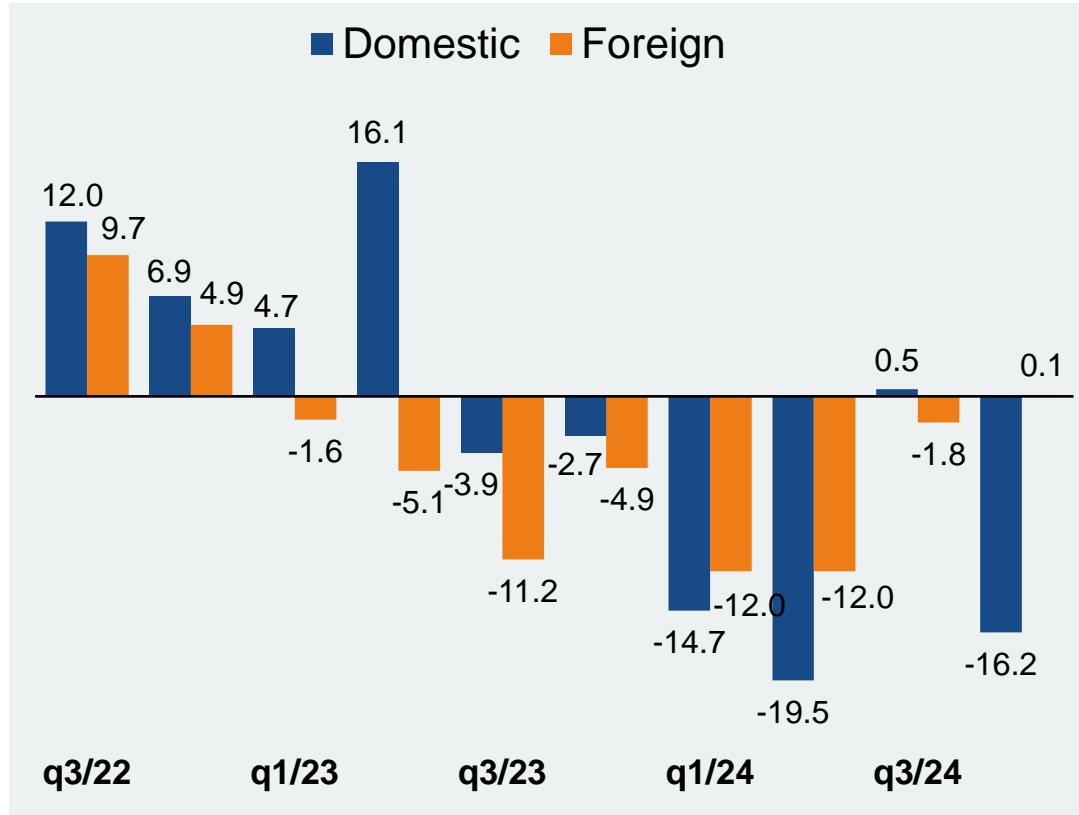
# ZVEI Business Cycle Report

– Edition February 2025

# 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 continued to decline in **December 2024**. Overall, they failed their pre-year value by 19.5%. The recent decrease was about twice as high as on average in the eleven months before. However, our various sub-sectors developed very differently in December. Perhaps a glimmer of light on the horizon could be that bookings for the usually pro-cyclical branch of electronic components and systems were 19.3% up.

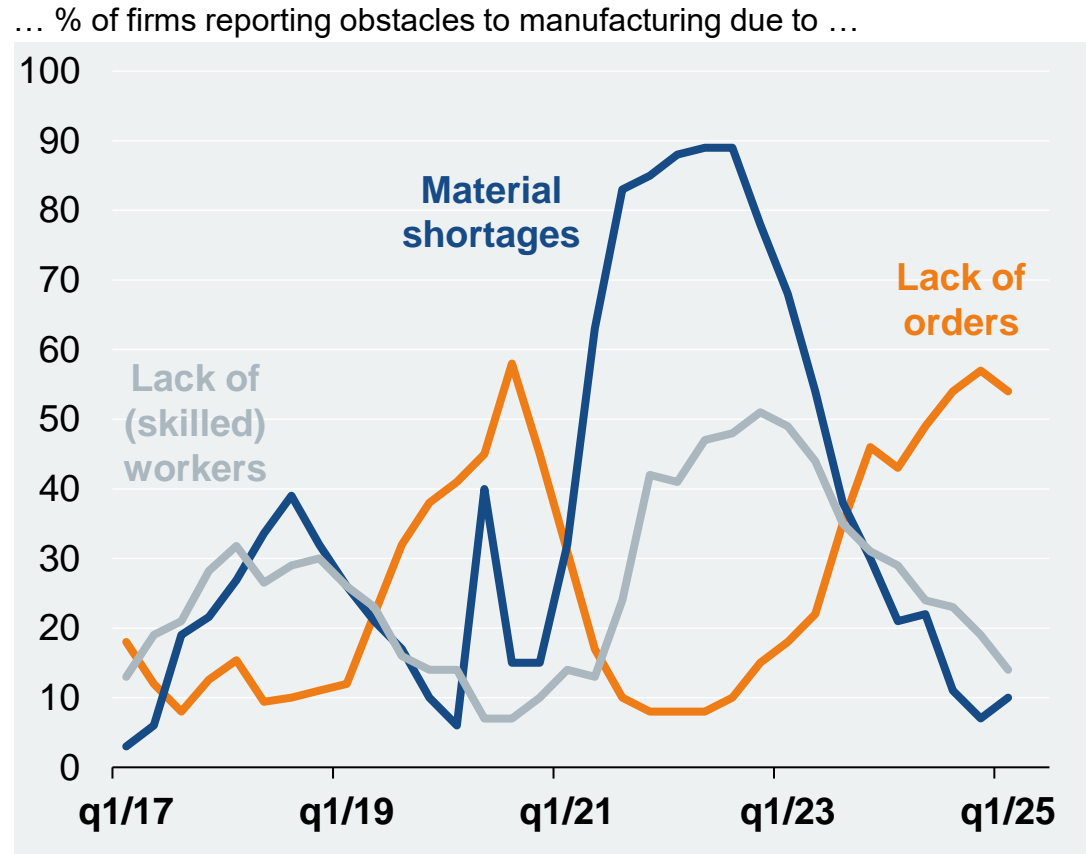
While **domestic orders** collapsed by 32.1% in December, new **bookings from abroad** “merely” receded by 8.8% (euro zone clients: -14.4%, third countries: -5.8%).

Hence, in the **full last year 2024** incoming orders have been 9.6% down. Once again, the decline in domestic bookings (of 12.9%) was bigger than the reduction in new orders from foreign customers (-6.6%).

Finally, new bookings from the euro area sagged by 8.5% from January through December, as clients from countries outside the common currency area curbed their orders by 5.6%.

# German electro and digital industry

## – Production (plans), capacity utilization and obstacles



Source: ifo Institute

The German price-adjusted **production** of electrical and electronic goods came in 7.3% lower in **December** compared to a year earlier. Thus, in the **whole year 2024** the sector's real output was 9.1% down. (Note that the figures are still preliminary.) **According to the ZVEI's recent forecast, real production could further recede by two percent in 2025.**

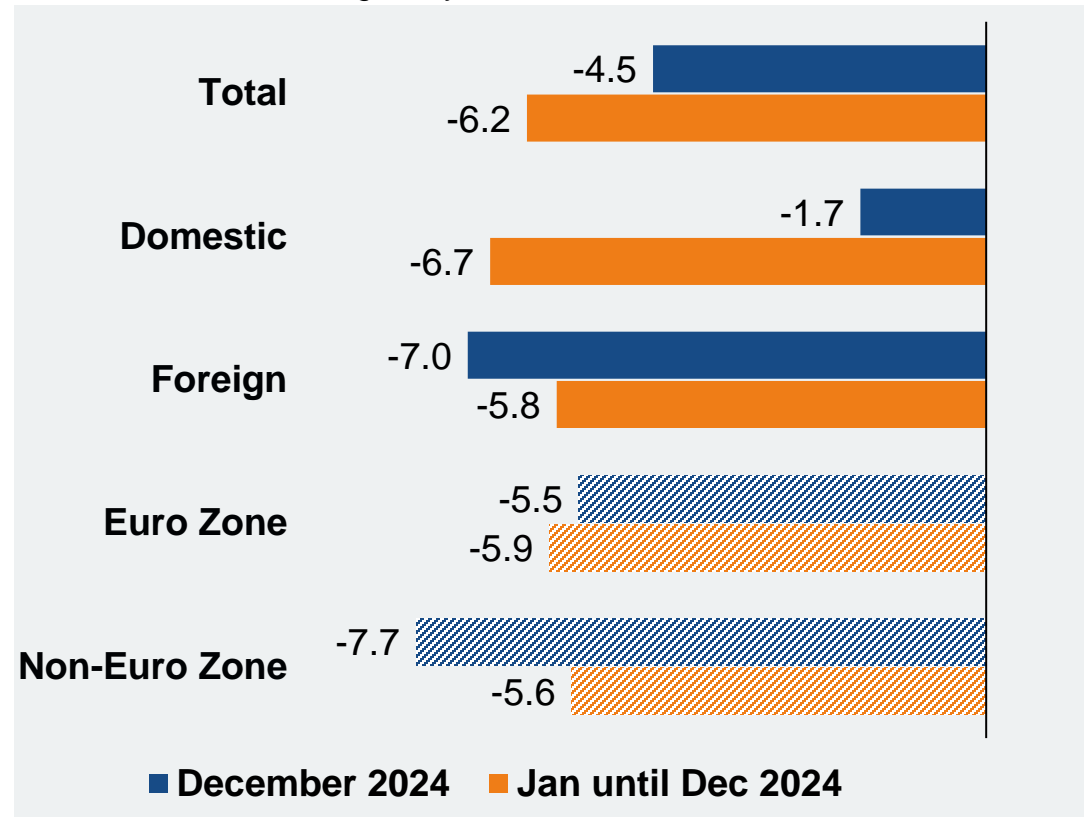
The **capacity utilization ratio** within our sector came further down at the beginning of the first quarter of this year compared to the situation three months before – namely from 74.4% to 73.4% of the normal full use level.

At least, the domestic electro companies have raised both in January their **production** and their **employment plans**. With it, the balance of firms intending to increase or rather decrease their output within the next three months to come leapt forward from -16 to +2 %-age points. And concerning recruiting plans, the corresponding difference advanced from -27 to a reading of -18.

While presently only 14% and 10% of the companies complain about a **lack of (skilled) workers** and **material shortages**, respectively, 54% are adversely affected by **missing orders**.

# German electro and digital industry – Turnover

Nominal values, % change on year earlier



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

**December 2024 turnover** of the domestic electro and digital industry came to €18.6bn, leaving it 4.5% lower than a year earlier.

**Domestic sales** receded by 1.7% to €9.2bn in December, while **businesses with foreigners** (of €9.4bn) were 7.0% down. With it, sales to euro zone customers and to clients from third countries decreased by 5.5% to €3.2bn and 7.7% to €6.2bn, respectively.

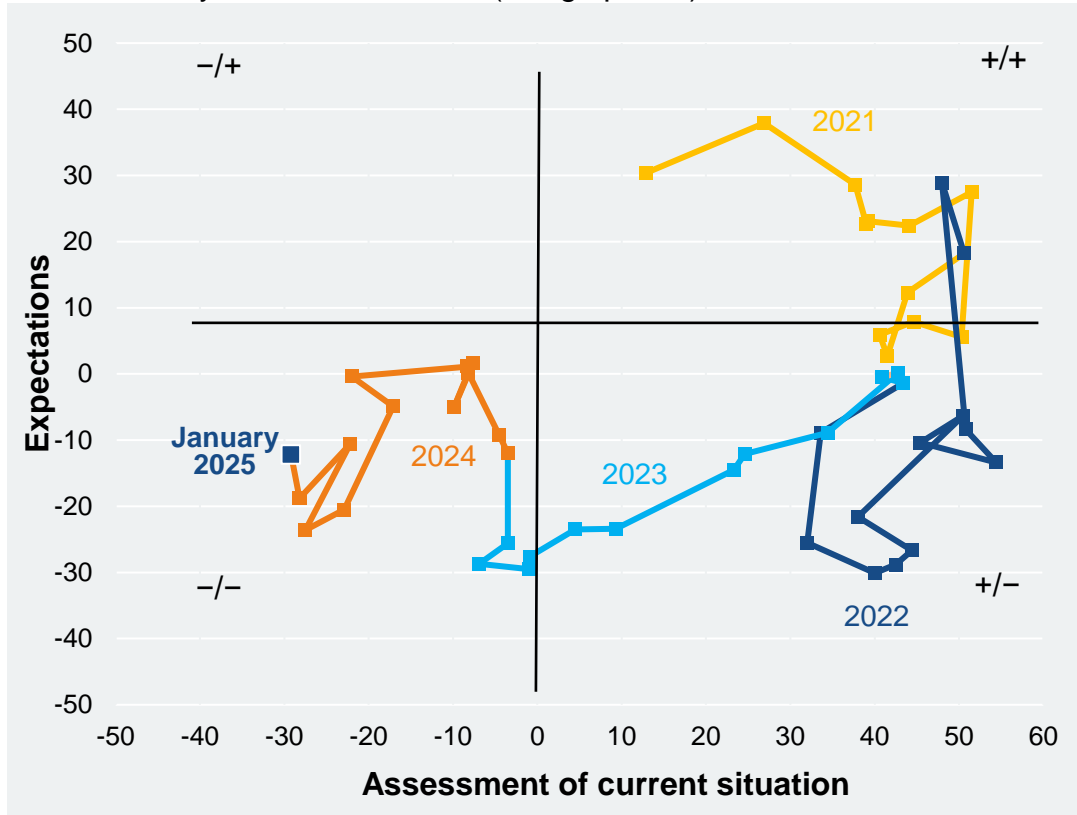
Subject to possible later revisions by Destatis, for the **full last year 2024** aggregated electro sales of €223.2bn are recorded. Compared to 2023 that means a decline by 6.2%. Note that the sector-wide **producer prices** rose by 1.6% last year.

Slightly more than half of 2024's turnover was generated with customers from abroad – namely €116.3bn (-5.8%). Domestic sales amounted to €106.9bn and, therewith, were 6.7% down. Eventually, both sales to the **euro area** as well as to **third countries** were on the decline last year – the former by 5.9% to €41.4bn and the latter by 5.6% to €74.9bn.

# 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 has recovered somewhat in **January 2025**. However, it is still far-flung in negative territory. The **current economic situation** was once more evaluated worse than in December. But the overall **business expectations** picked up markedly.

13% of the sector's companies described their present situation as good in January. At the same time, 45% found it rather stable, whereas 42% assessed it as bad.

Looking ahead to the next six months to come, 11% of the domestic electro firms expect rising businesses. 66% and 23% are awaiting steady or rather decreasing affairs, respectively.

**Export expectations** have been on the rise in January, too. Here, the balance of firms anticipating their deliveries abroad to go up or down in the next three months ahead further advanced from +4 to +10 %-age points.

# German electro and digital industry – Business cycle figures

year over year, %	2023	2024 December	2024 Jan - Dec
<b>New orders</b>	-1.7%	-19.5%	-9.6%
domestic	+3.3%	-32.1%	-12.9%
foreign	-5.7%	-8.8%	-6.6%
euro zone	-9.2%	-14.4%	-8.5%
non-euro zone	-3.7%	-5.8%	-5.6%
<b>Production, real</b>	+0.1%	-7.3%	-9.1%
<b>Turnover, bn €</b>	237.9 +6.0%	18.6 -4.5%	223.2 -6.2%
domestic, bn €	114.6 +6.8%	9.2 -1.7%	106.9 -6.7%
foreign, bn €	123.3 +5.3%	9.4 -7.0%	116.3 -5.8%
euro zone, bn €	44.0 +5.9%	3.2 -5.5%	41.4 -5.9%
non-euro zone, bn €	79.3 +4.9%	6.2 -7.7%	74.9 -5.6%

year over year, %	2023	2024 November	2024 Jan - Nov
<b>Employees, thousand</b>	907.9 <sup>1)</sup> +1.1%	892.2 <sup>1)</sup> -1.9%	896.9 <sup>2)</sup> -1.0%
<b>Exports, bn €</b>	255.3 +3.3%	20.0 -8.6%	227.1 -3.9%
<b>Imports, bn €</b>	269.1 +2.3%	21.8 -5.2%	234.1 -6.2%
	2023	2024 December	2024 Jan - Dec
Producer prices	+5.8%	+1.3%	+1.6%
Material prices	+3.8%	+1.1%	+0.6%
Export prices	+3.5%	+0.5%	+0.7%
Import prices	+0.4%	-0.9%	-2.0%
Balance of positive and negative answers	2023	2025 January	2024 December
<b>Business climate</b>	-12	-21	-24
- Economic situation	-15	-29	-28
- Expected business for next 6 months	-9	-12	-19
Export expectations for next 3 months	±0	+10	+4
Production plans for next 3 months	-6	+2	-16
Employment plans	-16	-18	-27
	2024	2025 January	2024 October
<b>Capacity utilization</b>	77.8%	73.4%	74.4%
Reach of unfilled orders, in months	4.1	4.0	3.8

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

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