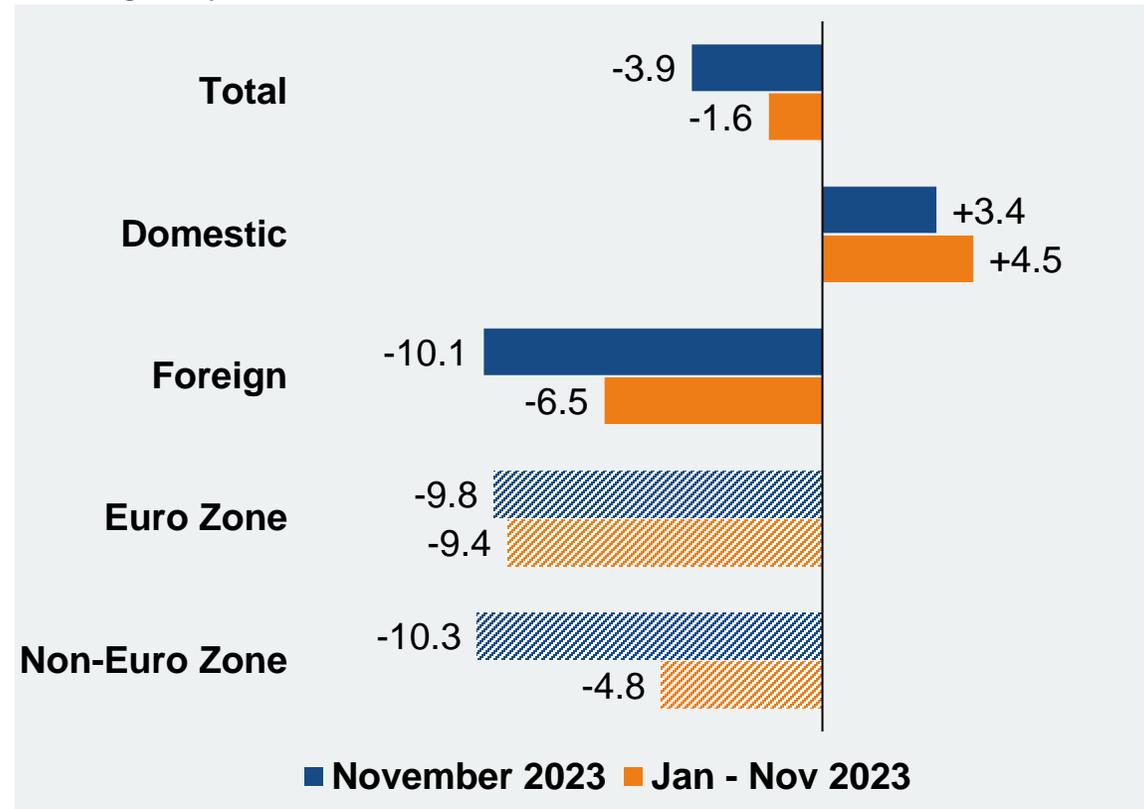


ZVEI Business Cycle Report

– Edition January 2024

German electro and digital industry – New orders

% change on year earlier



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

New orders in the German electro and digital industry have been down once again in **November 2023**. The value of bookings failed its respective pre-year level by 3.9%.

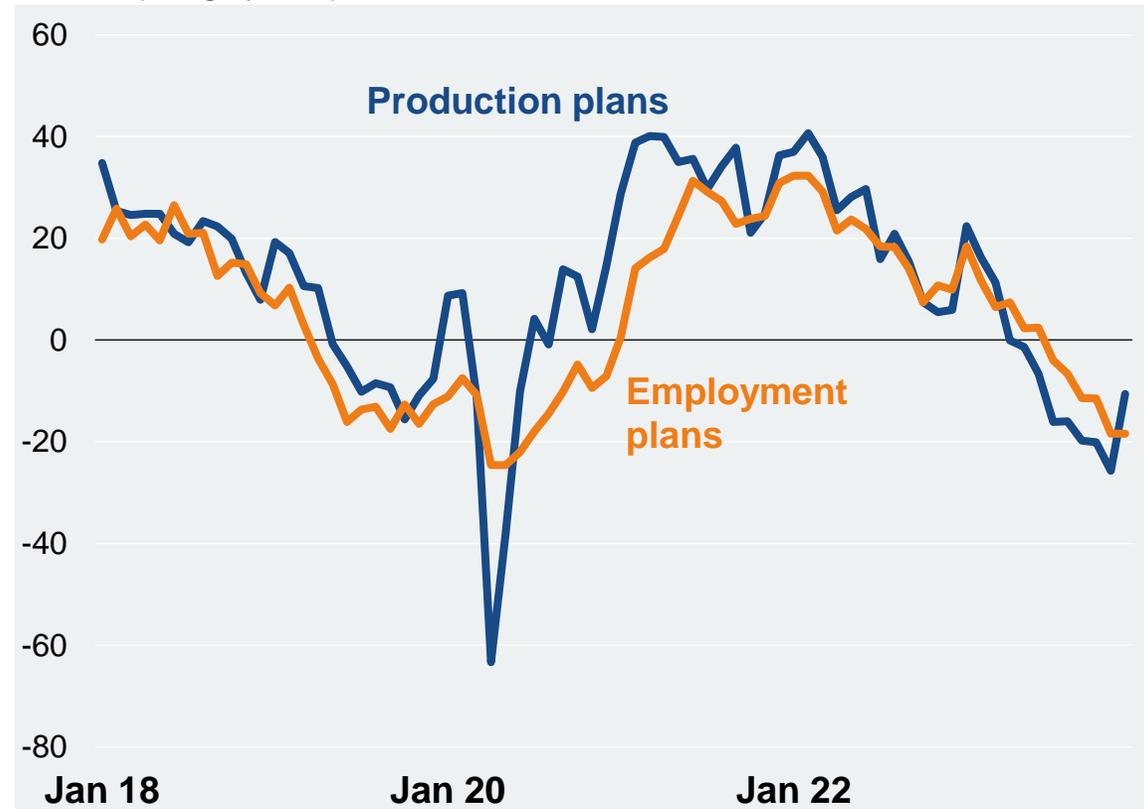
While domestic customers raised their orders by 3.4% in November, new bookings from abroad sagged by 10.1%. Thereby, new orders from the euro area (-9.8%) and from third countries (-10.3%) decreased by roughly the same rate.

In the **full period of the first eleven months** of last year the decline in new orders was more moderate. Here, bookings merely missed their corresponding 2022 value by 1.6%.

New orders from domestic clients managed to pick up by 4.5% (again year over year) between January and November. In contrast, foreign bookings fell by 6.5%. With it, the shortfall in new orders from the euro zone (-9.4%) was twice as high as the loss in bookings from countries outside the common currency area (-4.8%).

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

Production – adjusted for price – of electrical and electronic products in Germany came in 6.5% lower (compared to a year earlier) in November 2023.

Accumulated from January through November the sector's aggregated output still managed to grow, namely by 1.4% (year-on-year).

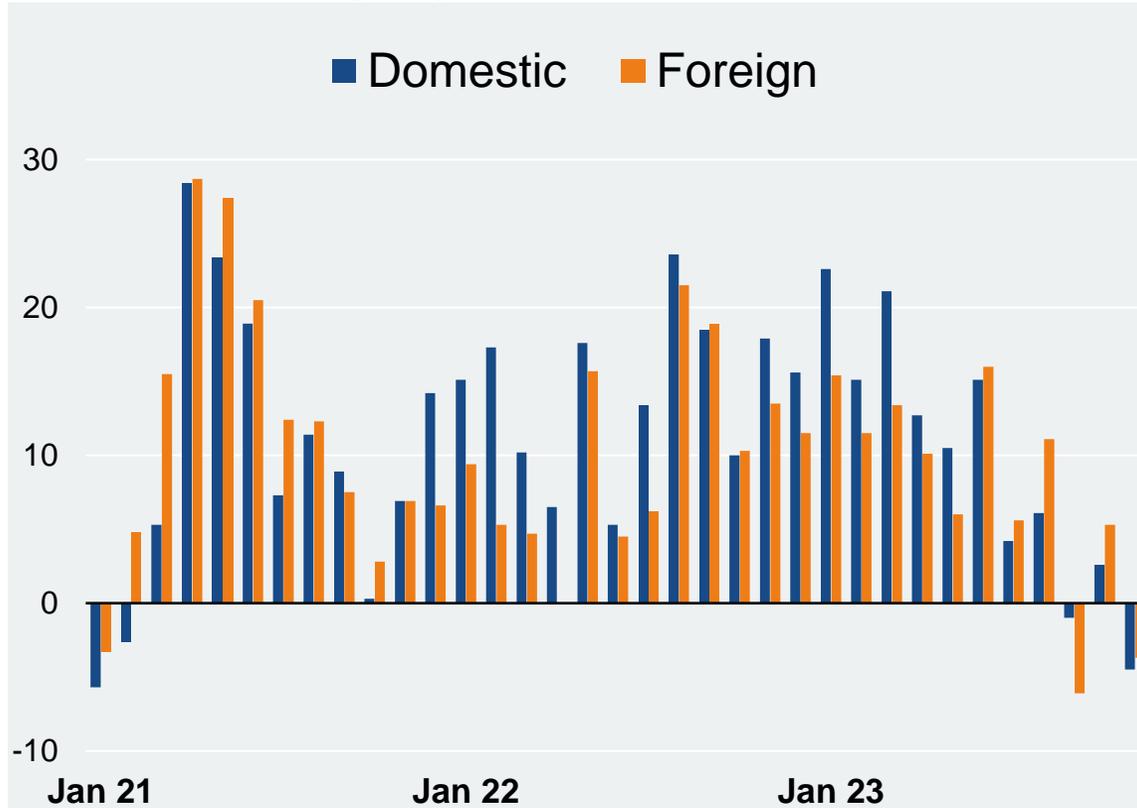
Although the electro companies have revised their **production plans** significantly upwards in December 2023 compared to November, they are, all in all, still negative. The balance of firms intending to raise or rather cut down their output in the next three months to come rose from -26 to -11 %-age points.

Against it, the sector's **recruiting plans** hardly moved at all in December. Here, the corresponding balance stayed at a reading of -18.

The **number of employees** within our industry came to 912,000 at last, leaving it 2.0% higher than a year earlier.

German electro and digital industry – Turnover

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

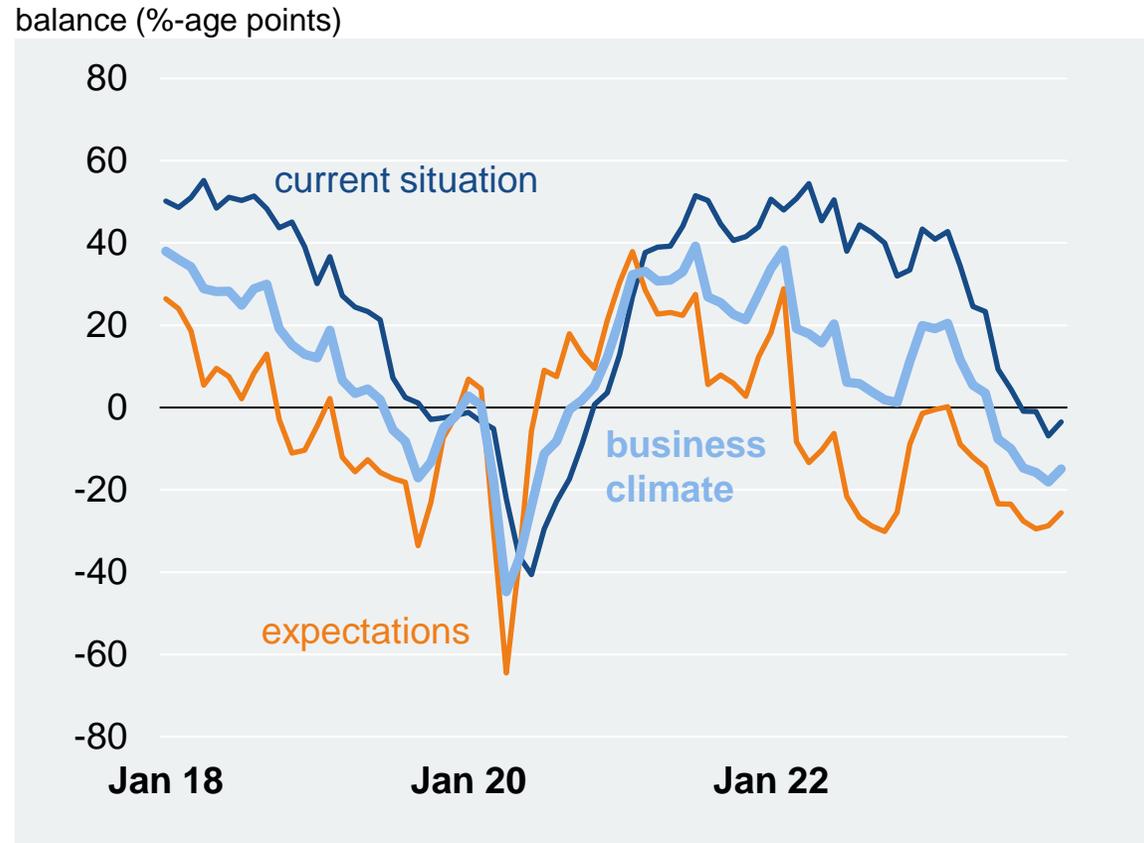
With €20.5bn, **nominal sales** of the domestic electro and digital industry were down 4.1% in **November 2023** (compared to the same month in the year before). Following September, it was the second time within last year that a month's revenues have shown a negative growth sign. **Producer prices** were 3.3% up in November.

Businesses with domestic and foreign customers receded by 4.5% (to €10.2bn) or rather 3.7% (to €10.3bn) in November. Regarding foreign turnover, both revenues with euro zone customers (-2.7% to €3.8bn) and with clients from countries outside the common currency area (-4.3% to €6.5bn) were on the decline.

In the **first eleven months** of last year the sector's aggregated sales amounted to €219.2bn, leaving them 7.5% above their respective value in the same period the year before.

Domestic and foreign turnover reached €105.9bn (+9.0%) and €113.3bn (+6.3%) between January and November, respectively. Eventually, revenues with euro area business partners advanced by 7.0% to €40.7bn, and sales to third countries (of €72.6bn) were 5.9% up.

German electro and digital industry – Business climate



Source: ifo Institute

Following eight declines at a stretch, the business climate in the German electro and digital industry has picked up once again in last year's December. Both the companies' **present economic situation** as well as their **overall business expectations** were considered more favorable.

For 27% of the sector's firms the current situation was good in December. 42% and 32% found it stable or rather bad, respectively.

As far as the next six months to come are concerned, 11% of our companies are awaiting rising businesses. In contrast, 37% reckon with declining activities ahead. The remainder 52% take rather stable affairs for granted.

Export expectations have been up (compared to a month earlier) in December 2023, too. Here, the balance of firms looking forward to rising or rather falling deliveries abroad in the coming next three months stepped up by full ten %-age points – i.e., from a reading of -14 to -4.

German electro and digital industry

– Business cycle figures

year over year, %	2022	2023 November	2023 Jan - Nov
New orders	+10.2%	-3.9%	-1.6%
domestic	+10.0%	+3.4%	+4.5%
foreign	+10.4%	-10.1%	-6.5%
euro zone	+15.3%	-9.8%	-9.4%
non-euro zone	+7.8%	-10.3%	-4.8%
Production, real	+3.7%	-6.5%	+1.4%
Turnover, bn €	224.5 +12.0%	20.5 -4.1%	219.2 +7.5%
domestic, bn €	107.3 +14.2%	10.2 -4.5%	105.9 +9.0%
foreign, bn €	117.2 +10.1%	10.3 -3.7%	113.3 +6.3%
euro zone, bn €	41.6 +8.1%	3.8 -2.7%	40.7 +7.0%
non-euro zone, bn €	75.6 +11.2%	6.5 -4.3%	72.6 +5.9%

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

year over year, %	2022	2023 October	2023 Jan - Oct
Employees, thousand	898.0 ¹⁾ +2.7%	912.0 ¹⁾ +2.0%	906.8 ²⁾ +2.8%
Exports, bn €	247.1 +9.2%	20.5 -2.1%	212.1 +4.5%
Imports, bn €	263.1 +18.9%	22.1 -8.6%	225.2 +4.8%
	2022	2023 November	2023 Jan - Nov
Producer prices	+7.5%	+3.3%	+6.0%
Material prices	+13.0%	-0.2%	+3.2%
Export prices	+7.3%	+2.3%	+4.2%
Import prices	+8.9%	-1.2%	+0.9%
Balance of positive and negative answers	2022	2023 December	2023 November
Business climate	+15	-15	-18
- Economic situation	+44	-4	-7
- Expected business for next 6 months	-11	-26	-29
Export expectations for next 3 months	+10	-4	-14
Production plans for next 3 months	+22	-11	-26
	2022	2023 October	2023 July
Capacity utilization	88.2%	81.8%	84.6%
Reach of unfilled orders, in months	5.3	4.8	4.7

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