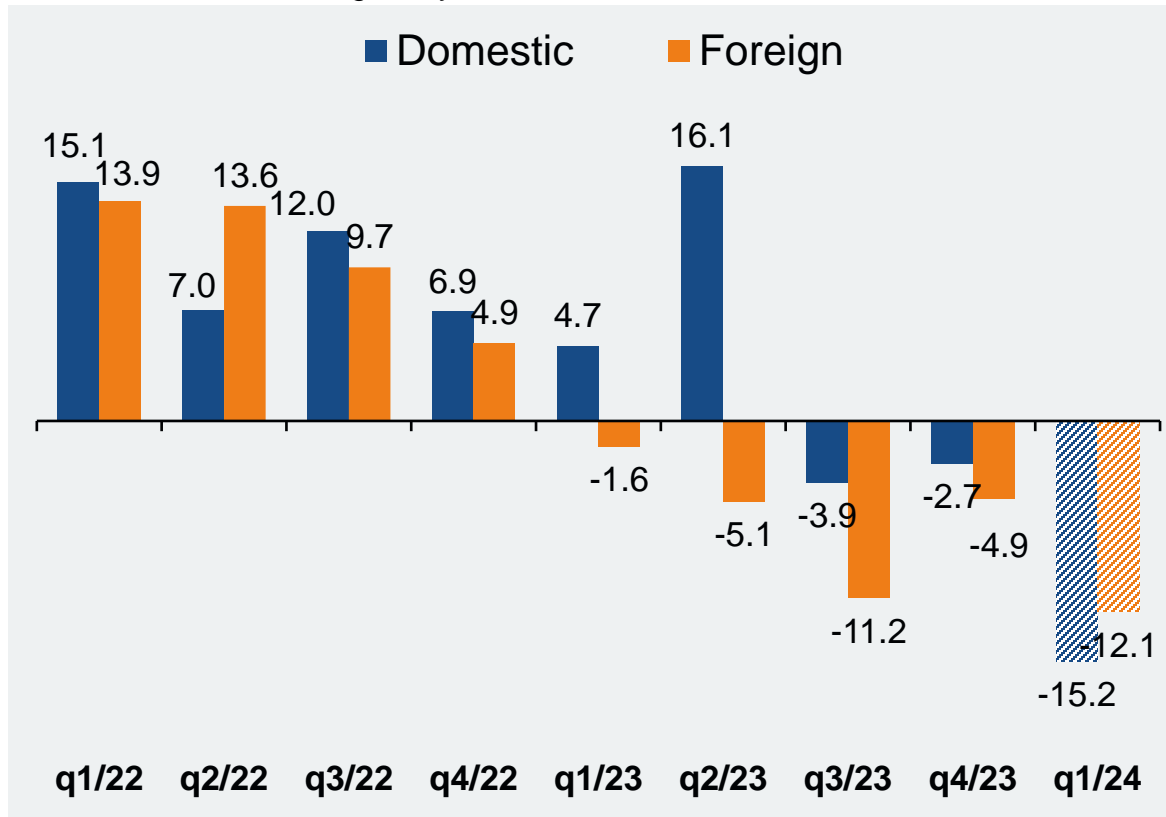


# ZVEI Business Cycle Report

– Edition May 2024

# German electro and digital industry – New orders

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

In **March 2024**, the German electro and digital industry has once again collected significantly less **new orders** than a year earlier. Indeed, the decline in bookings by 17.8% has been the biggest shortfall in almost four years' time.

Domestic orders were especially hard hit. They failed their respective pre-year value by one-fourth in March (-25.7%) . Bookings from foreign business partners fell by 11.1%. Here, new orders from euro zone clients were 10.0% down, while bookings from third countries came in 11.6% lower than the year before.

In the full **first quarter of this year**, new orders in our sector decreased by 13.5% (again year over year). With it, bookings from domestic and foreign customers sagged by 15.2% and 12.1%, respectively.

The value of new orders from the euro area dropped by 10.3% between January and March. Finally, bookings from third countries sank by 13.1% (year-on-year) in that period.

# German electro and digital industry

## – Production, capacity utilization, reach of orders, obstacles

... % of firms reporting obstacles to manufacturing due to ...



Source: ifo Institute

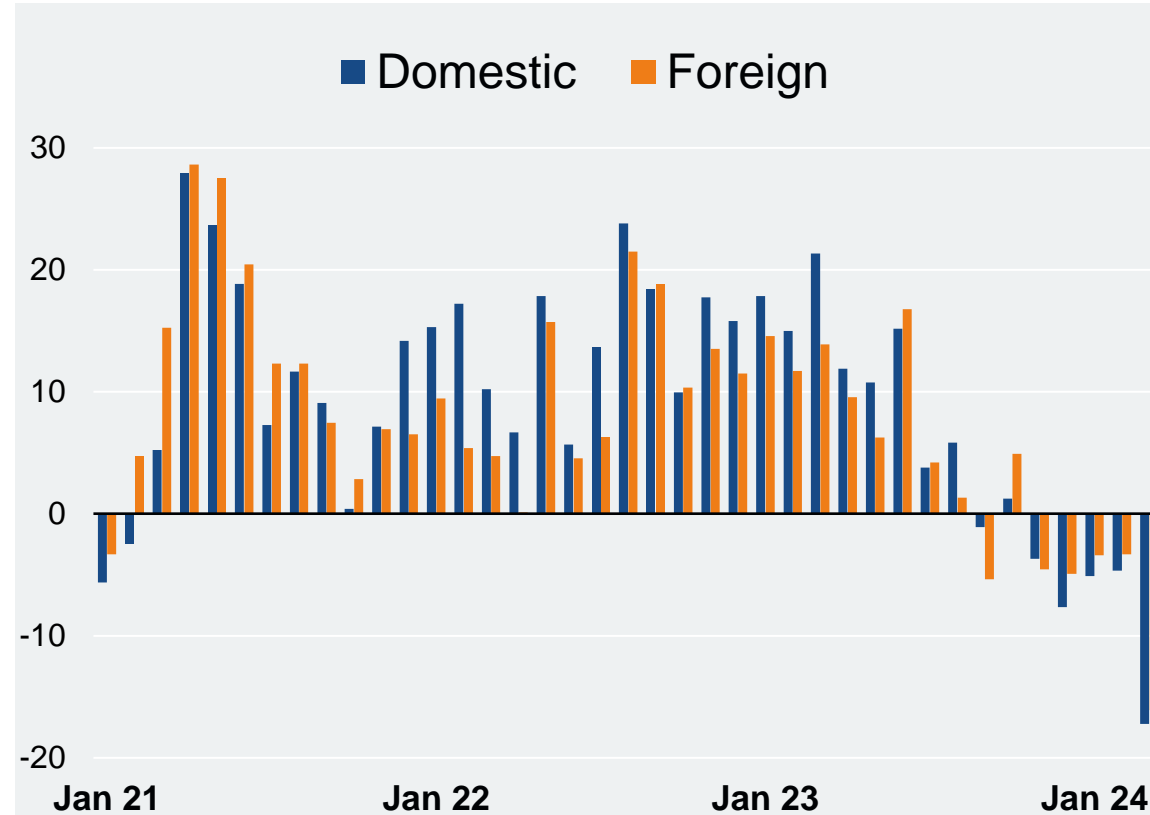
**Production** (adjusted for price) of **electrical and electronic goods** in Germany failed its respective pre-year level by almost one-fifth in March 2024 (-19.1%). However, bear in mind that this year's March had full three working days less than last year's. In the first three months of this year taken together, output sagged by 10.8% (year over year).

The **capacity utilization** within the domestic electro sector stood at 80.5% (of the normal full use level) at the beginning of the second quarter of this year. Practically, it didn't change at all over the course of the last three months. The **reach of unfilled orders** has even picked up very slightly – from 4.1 to 4.2 (production) months.

Regarding current obstacles to manufacturing in our industry, demand-side challenges continue to have the upper hand. 49% of the electro and digital companies reported a **lack of new orders** in April. Supply-side problems like a **shortage of (skilled) workers** (as reported by 24% of the firms) and a **scarcity of materials** (22%) play the second fiddle at present.

# German electro and digital industry – Turnover

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

**Nominal turnover** in the domestic electro and digital industry amounted to €19.4bn in **March 2024**, leaving it 16.6% lower than in the same month one year earlier. Sales to domestic and foreign customers thereby came to €9.2bn (-17.2%) and €10.2bn (-16.1%), respectively.

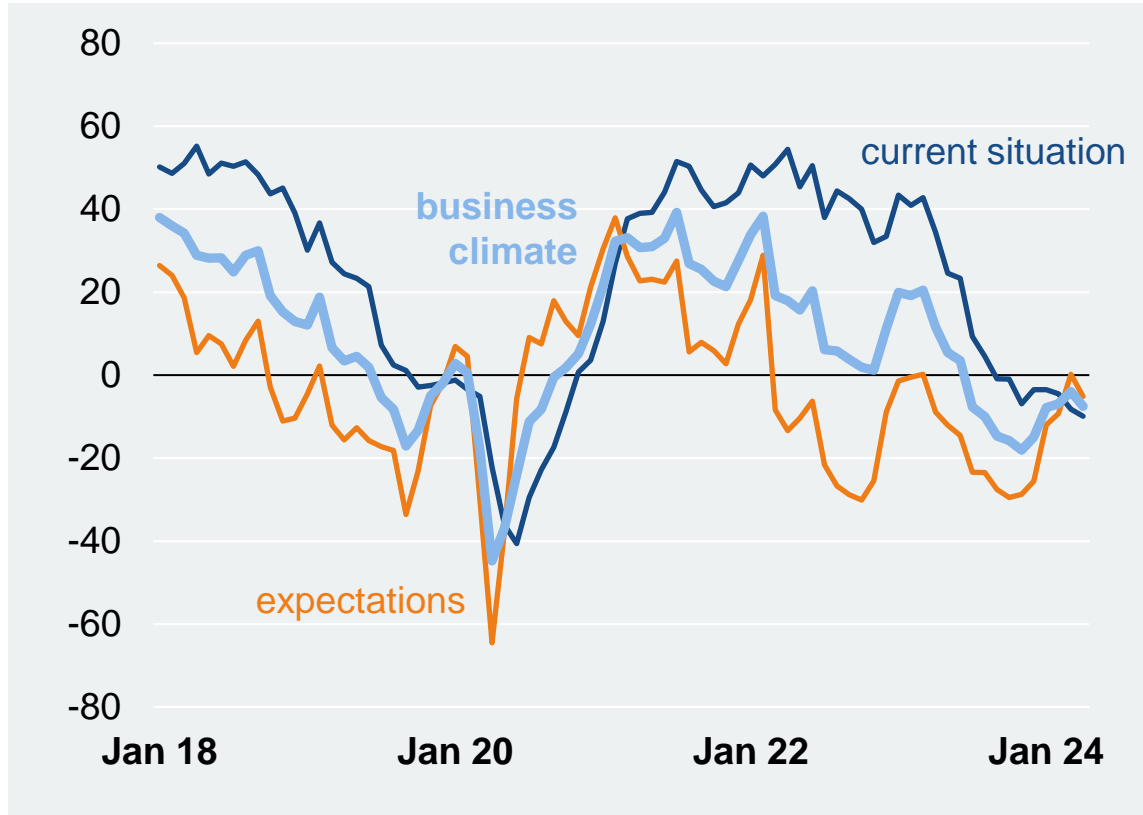
The loss in foreign turnover in March extended to both euro zone clients (-17.4% to €3.6bn) and countries outside the common currency area (-15.4% to €6.6bn).

In the full **first quarter of 2024** the sector's aggregated sales decreased by 8.9% (year-on-year) to €55.3bn – against the background of a rise in **producer prices** by 2.0% in the same period. Domestic turnover receded by 9.6% to €26.5bn between January and March, while businesses with foreign partners (of €28.8bn) were 8.3% down.

Sales to the euro area fell by 6.7% (year over year) to €10.6bn in the first three months, and turnover with customers from third countries dropped by 9.2% to €18.2bn.

# German electro and digital industry – Business climate

balance (%-age points)



Source: ifo Institute

After four increases in a row, the **business climate** in the German electro and digital industry has once again come down somewhat in April 2024. Both the firms' assessment of their **present economic situation** as well as their **overall business expectations** sagged compared to March.

21% of the sector's companies evaluated their current situation as good in April. 48% and 31% described it as stable or rather bad, respectively.

Looking ahead for the next six months to come, 19% of the domestic electro firms reckon that their businesses will go up. 57% are awaiting steady affairs, and 24% expect activities to decline.

In contrast, **export expectations** have been clearly on the rise in April. With it, they even turned positive once again. The balance of companies planning with increasing or rather decreasing deliveries abroad in the coming next three months climbed from -6 to +3 %-age points.

# German electro and digital industry

## – Business cycle figures

year over year, %	2023	2024 March	2024 Jan - Mar
<b>New orders</b>	-1.7%	-17.8%	-13.5%
domestic	+3.3%	-25.7%	-15.2%
foreign	-5.7%	-11.1%	-12.1%
euro zone	-9.2%	-10.0%	-10.3%
non-euro zone	-3.7%	-11.6%	-13.1%
<b>Production, real</b>	±0.0%	-19.1%	-10.8%
<b>Turnover, bn €</b>	237.9 +6.0%	19.4 -16.6%	55.3 -8.9%
domestic, bn €	114.6 +6.8%	9.2 -17.2%	26.5 -9.6%
foreign, bn €	123.3 +5.3%	10.2 -16.1%	28.8 -8.3%
euro zone, bn €	44.0 +5.9%	3.6 -17.4%	10.6 -6.7%
non-euro zone, bn €	79.3 +4.9%	6.6 -15.4%	18.2 -9.2%

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

year over year, %	2023	2024 February	2024 Jan - Feb
<b>Employees, thousand</b>	907.9 <sup>1)</sup> +1.1%	900.2 <sup>1)</sup> -0.1%	900.8 <sup>2)</sup> ±0.0%
<b>Exports, bn €</b>	253.8 +2.7%	19.5 -2.0%	41.0 -0.8%
<b>Imports, bn €</b>	268.7 +2.1%	19.5 -7.6%	41.8 -7.4%
	2023	2024 March	2024 Jan - Mar
Producer prices	+5.8%	+1.7%	+2.0%
Material prices	+3.8%	+0.1%	±0.0%
Export prices	+3.5%	+1.0%	+1.3%
Import prices	+0.4%	-2.3%	-2.0%
Balance of positive and negative answers	2023	2024 April	2024 March
<b>Business climate</b>	±0	-8	-4
- Economic situation	+18	-10	-8
- Expected business for next 6 months	-16	-5	±0
Export expectations for next 3 months	-2	+3	-6
Production plans for next 3 months	-6	-1	-7
	2023	2024 April	2024 January
<b>Capacity utilization</b>	85.0%	80.5%	80.5%
Reach of unfilled orders, in months	5.1	4.2	4.1

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