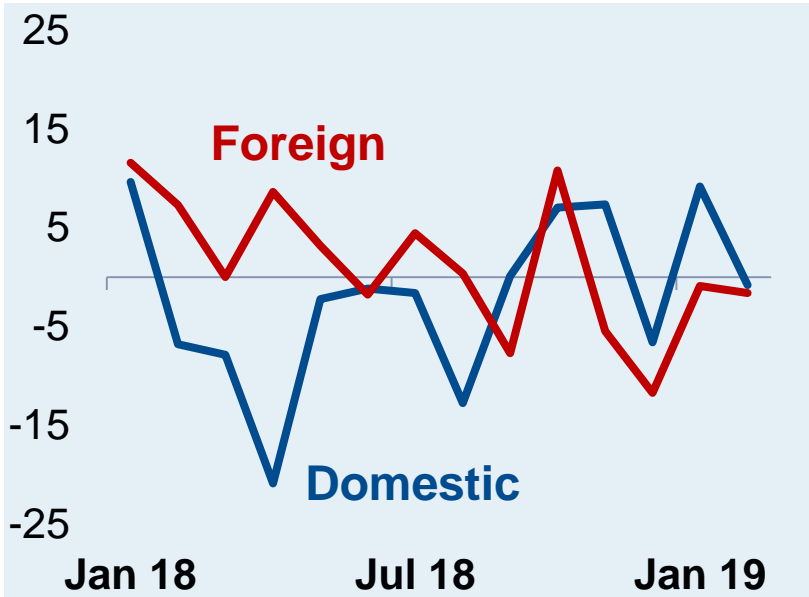


ZVEI Business Cycle Report

Edition April 2019

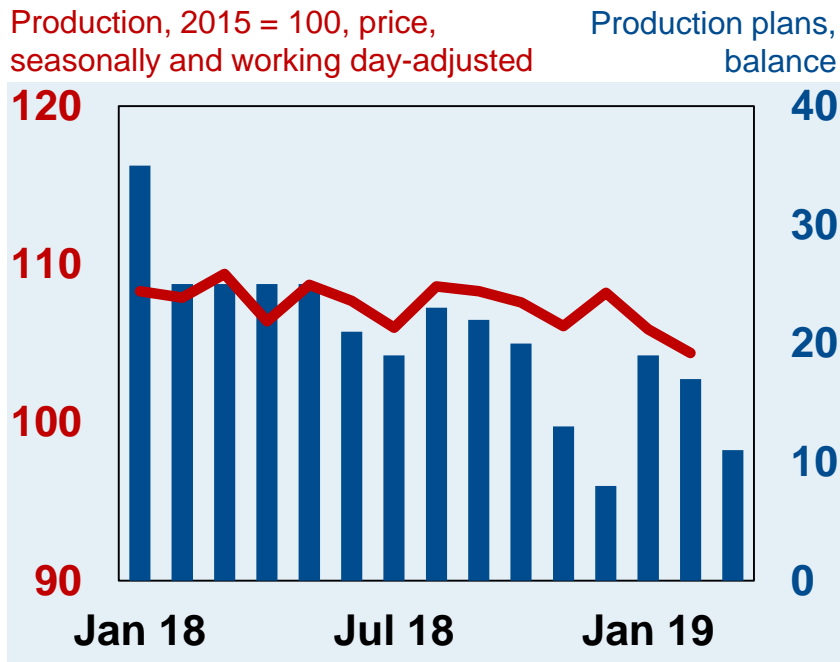
% change on year earlier



Source: Destatis and ZVEI's own calculations

The development of new orders in the German electric industry remained rather sluggish in February of this year. Overall bookings were 1.3% down over the past year. Domestic and foreign customers ordered 0.8% and 1.6% less than a year earlier, respectively. While bookings from the euro zone increased by 2.3% in February, new orders from third countries decreased by 4.0%.

Partly due to revisions, in the accumulated period from January through February 2019 new orders picked up by 1.2% (year over year). Here a rise in domestic bookings by 4.4% and a decline in foreign bookings by 1.2% face each other. Demand from euro zone clients fell by 3.3%. At the same time, new orders from third countries stagnated.



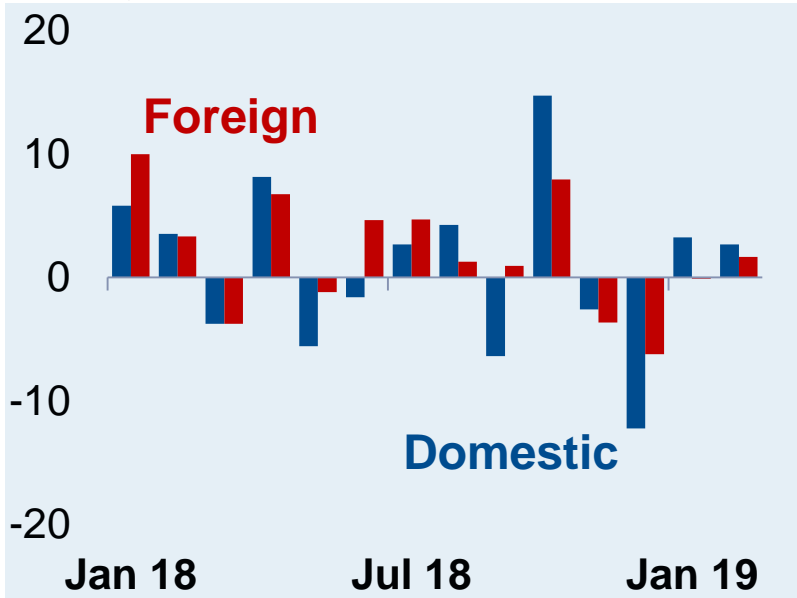
Source: Destatis, ifo Institute and ZVEI's own calculations

The sector's real output – i.e., production adjusted for price – failed its pre-year level by 1.9% in February 2019.

With the publication of the February figures, the data for the change in production back in January have been revised. Thus, for the full period from January through February of this year a decline in output by 2.1% (again year-on-year rate) is now reported.

The companies' production plans have – on balance – been revised lower further in March of this year. Now 24% of the firms intend to increase their output within the next three months to come. 14% plan to curb it. The rest want to maintain their current production level.

% change on year earlier



Source: Destatis and ZVEI's own calculations

The sector's aggregate sales amounted to €15.1bn in February 2019. With it, they exceeded their pre-year level by 2.1%.

Domestic and foreign turnover rose by 2.7% (to €7.2bn) and 1.7% (to €7.9bn), respectively. Sales to euro zone customers fell slightly in February, namely by 0.6% to €2.9bn. In contrast, businesses with third countries grew by 2.9% to €5.0bn.

From January through February of this year the overall turnover came to €30.4bn, leaving it 1.7% higher than a year earlier.

Here sales to domestic clients increased by 3.0% to €14.5bn.

Turnover with business partners from abroad picked up by 0.8% to € 15.9bn. Sales to the euro area (of €5.9bn) were 1.5% on the rise. Revenues from sales to third countries more or less kept their pre-year volume (+0.2% to €10.0bn).

Business climate (until March 2019)

Balance of positive and negative answers, %



Source: ifo Institute

The business climate within the German electric industry fell sharply in March of this year. It reached at its lowest level since November 2014. Both the firms' assessment of the current situation and their overall business expectations sagged markedly. On balance, the latter even turned negative once again.

Now 40% of the sector's companies rate their present economic situation as good, 47% as stable and 13% as bad. Regarding expectations for the next six months to come, 12% of the firms are awaiting rising affairs. 64% and 24% reckon with steady and declining businesses, respectively.

At least, export expectations declined only slightly in March. Here the balance of positive and negative answers receded by two to 9 %-age points.

German electric industry: Business cycle figures

(year over year in %)	2018	2019 February	2019 Jan until Feb	(year over year in %)	2018	2019 January	2019 Jan until Jan
New orders	-0.9%	-1.3%	+1.2%	Employees, thousand	890.3 ¹⁾ +2.6%	887.6 ¹⁾ +2.6%	887.6 ²⁾ +2.6%
domestic	-3.4%	-0.8%	+4.4%	Exports, bn €	211.9 +5.0%	18.0 +4.8%	18.0 +4.8%
foreign	+1.2%	-1.6%	-1.2%	Imports, bn €	191.1 +4.4%	17.2 +4.3%	17.2 +4.3%
euro zone	+0.8%	+2.3%	-3.3%		2018	2019 February	2019 Jan - Feb
non-euro zone	+1.4%	-4.0%	+/-0.0%	Producer prices	+0.9%	+0.8%	+0.8%
Production, real	+2.1%	-1.9%	-2.1%	Material prices	+1.5%	+0.9%	+0.9%
Turnover, bn €	193.5 +1.0%	15.1 +2.1%	30.4 +1.7%	Export prices	+/-0.0%	+0.3%	+0.2%
domestic, bn €	91.8 +0.2%	7.2 +2.7%	14.5 +3.0%	Import prices	-1.3%	-0.7%	-0.8%
foreign, bn €	101.7 +1.7%	7.9 +1.7%	15.9 +0.8%	(Balance of positive and negative answers)	2018	2019 March	2019 February
euro zone, bn €	37.2 +2.3%	2.9 -0.6%	5.9 +1.5%	Business climate	27	7	19
non-euro zone, bn €	64.5 +1.4%	5.0 +2.6%	10.0 +0.2%	- Economic situation	49	27	37
				- Expected business for next 6 months	8	-12	2
				Export expectations for next 3 months	16	9	12
				Production plans for next 3 months	22	11	17
					2018	2019 January	2018 October
				Capacity utilization	87.7%	87.6%	87.5%
				Unfilled orders, in months	3.6	3.8	3.3

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

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