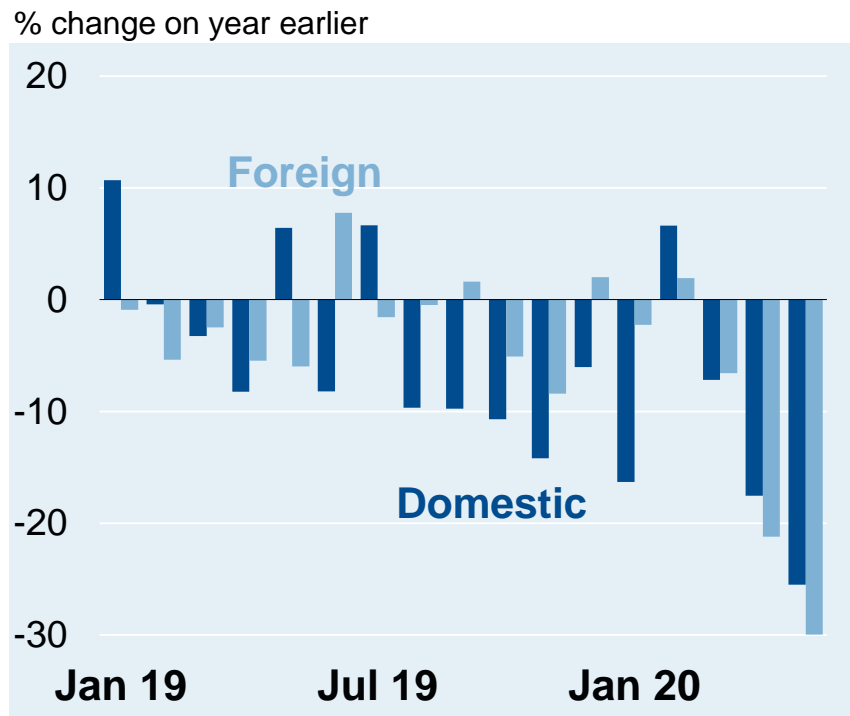


ZVEI Business Cycle Report

Edition July 2020

German electric industry

– New orders



Source: Destatis and ZVEI's own calculations

In May 2020 total new orders in the German electric industry sagged by 27.9% (year over year). The decline was even steeper – by 7 %-age points – than in April. Domestic and foreign bookings fell by 25.5% and 30.0% in May, respectively. Regarding the latter, new orders from euro zone customers were 32.2% down on their pre-year level, while clients from third countries trimmed their bookings by 28.7%.

In the full first five months of this year the fall in new orders came to 11.8% (again year-on-year rate). Here domestic and foreign bookings decreased by 12.2% and 11.4%, respectively. New orders from the euro area plunged by 16.2% (yoy) between January and May and, therewith, dropped almost twice as sharply as bookings from third countries which were down by 8.6% in the same period of time.

German electric industry

– Production and employment

2015 = 100, price, seasonally and working day-adjusted



Source: Destatis and ZVEI's own calculations

The sector's output – adjusted for price – was down by 21.7% from a year ago in May 2020. Hence, accumulated from January through May of this year the aggregated production volume failed its respective pre-year level by 9.2%.

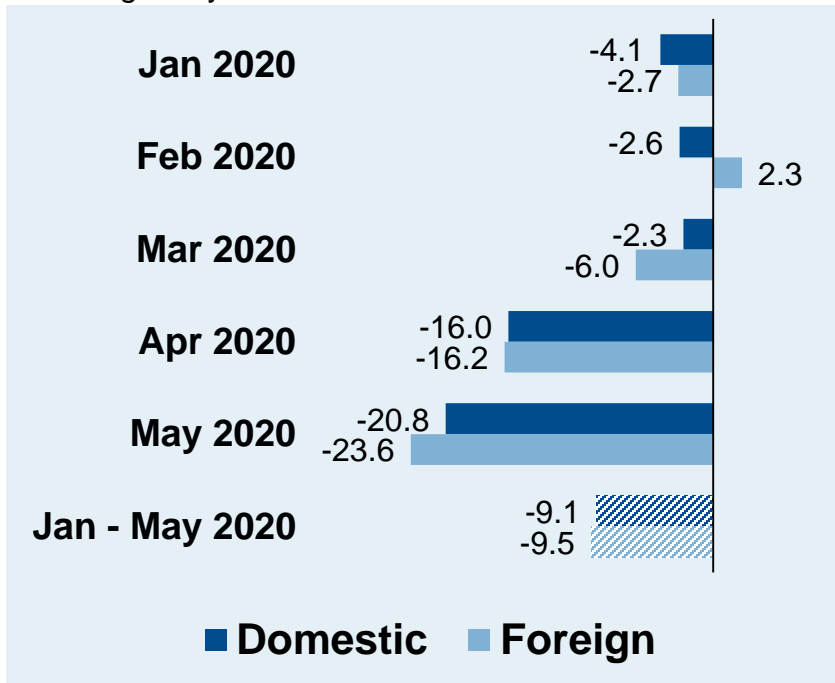
At least, the electric companies' production plans were revised upwards significantly in June. Here the balance of firms that want to produce more or rather less in the next three months to come picked up from -38 in May to -10 %-age points now. Employment plans likewise improved slightly in June.

The increase in newly announced short-time workers has flattened markedly in June. 23.600 notifications were registered at last. In May the number of staff newly announced for short-time work still came to 58.200. The record – of 218.400 – so far was seen in April.

German electric industry

– Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

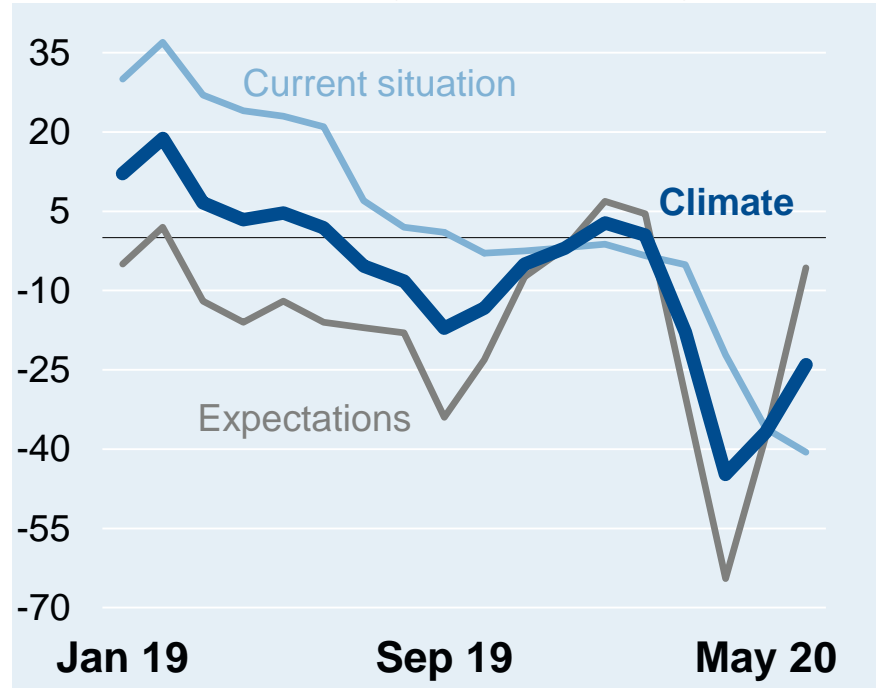
Sales of the domestic electric industry came to €12.5bn in May 2020. With it, they were 22.4% lower than a year earlier. Domestic and foreign turnover sagged by 20.8% (to €5.9bn) and 23.6% (to €6.6bn), respectively. Businesses with clients from the euro zone plummeted by 29.7% to €2.3bn in May. At the same time, sales to third countries decreased by 19.8% to €4.3bn.

In the cumulated period of the first five months of this year the sector's aggregate turnover amounted to €70.8bn, leaving it 9.4% lower than the year before. Here domestic sales (-9.1% to €33.4bn) and foreign sales (-9.5% to €37.4bn) more or less dropped by the same rate. Regarding turnover with foreign business partners, sales to the euro area fell by 12.4% (to €13.6bn) from January through May and, therefore, more sharply than those to customers from third countries which went down by 7.7% to €23.8bn in the same period of time.

German electric industry

– Business climate

Balance of positive and negative answers, %-age points



Source: ifo Institute

The business climate in the German electric industry has further recovered in June of this year. However, on balance it still resides 24 points below the zero line (which separates between expansion and contraction). While the firms' overall business expectations have improved markedly in June, their assessment of the current situation was again somewhat less favorable than a month earlier.

Only 9% of the sector's companies evaluated their present economic situation as good in June. 41% found it unchanged and 50% considered it bad. Concerning the next six months to come, 26% of the firms are awaiting rising activities. 42% expect their future businesses to stay the same, whereas 32% reckon with declines ahead.

The balance of positive and negative export expectations climbed to -13 %-age points in June. But please remember that in May its value had been -43 points.

German electric industry: Business cycle figures

year over year, %	2019	2020 May	2020 Jan - May
New orders	-2.9%	-27.9%	-11.8%
domestic	-4.1%	-25.5%	-12.2%
foreign	-2.0%	-30.0%	-11.4%
euro zone	-3.2%	-32.2%	-16.2%
non-euro zone	-1.3%	-28.7%	-8.6%
Production, real	-2.4%	-21.7%	-9.2%
Turnover, bn €	190.1 -1.8%	12.5 -22.4%	70.8 -9.4%
domestic, bn €	90.1 -1.8%	5.9 -20.8%	33.4 -9.1%
foreign, bn €	100.0 -1.7%	6.6 -23.6%	37.4 -9.5%
euro zone, bn €	36.6 -1.7%	2.3 -29.7%	13.6 -12.4%
non-euro zone, bn €	63.4 -1.7%	4.3 -19.8%	23.8 -7.7%

year over year, %	2019	2020 April	2020 Jan - Apr
Employees, thousand	885.4 ¹⁾ -0.6%	879.0 ¹⁾ -1.0%	881.8 ²⁾ -0.5%
Exports, bn €	216.5 +2.7%	13.5 -20.0%	66.7 -6.2%
Imports, bn €	196.9 +2.5%	12.9 -16.7%	60.9 -6.7%
	2019	2020 May	2020 Jan - May
Producer prices	+0.5%	+0.3%	+0.1%
Material prices	+0.4%	-0.6%	-0.4%
Export prices	-0.3%	-0.2%	-0.7%
Import prices	-1.7%	-1.8%	-2.5%
	2019	2020 June	2020 May
Balance of positive and negative answers			
Business climate	+0	-24	-37
- Economic situation	+14	-41	-36
- Expected business for next 6 months	-13	-6	-38
Export expectations for next 3 months	+1	-13	-43
Production plans for next 3 months	-1	-10	-38
	2019	2020 April	2020 January
Capacity utilization	85.3%	75.9%	81.5%
Reach of unfilled orders, in months	3.3	3.0	3.4

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

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