

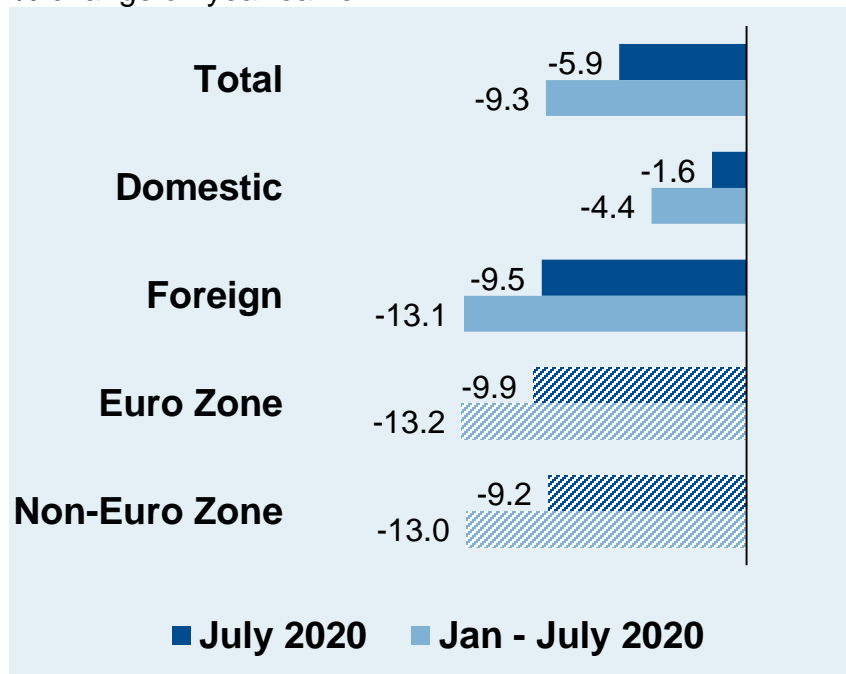
# ZVEI Business Cycle Report

Edition September 2020

# German electric industry

## – New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

In July 2020 the German electric industry received 5.9% less new orders than a year earlier. Hence, bookings still continue to decline, but at least there is a tendency that the negative rates are getting smaller. While the domestic orders merely decreased by 1.6%, new bookings from abroad were down much more starkly – namely by 9.5%. Euro zone customers curbed their new orders by 9.9% in July. Bookings from third countries fell by 9.2%.

In the full period from January through July of this year overall new orders failed their pre-year level by 9.3%. Here domestic and foreign bookings were 4.4% and 13.1% lower than a year ago, respectively. New orders by clients from the euro area (-13.2%) and by customers from third countries (-13.0%) sagged by the same rate in the first seven months of this year.

# German electric industry

## – Production and employment

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



Source: Destatis and ZVEI's own calculations

The sector's real output – i.e., production adjusted for price – was down by 9.5% from a year ago in July 2020. Thus, accumulated from January through July of this year the firms' manufacturing volume decreased by 8.8% (again year-on-year rate).

The electric companies' production plans were revised downwards in August. Here the balance of firms that want to produce more or rather less in the next three months to come fell from plus four points in July to minus one point now.

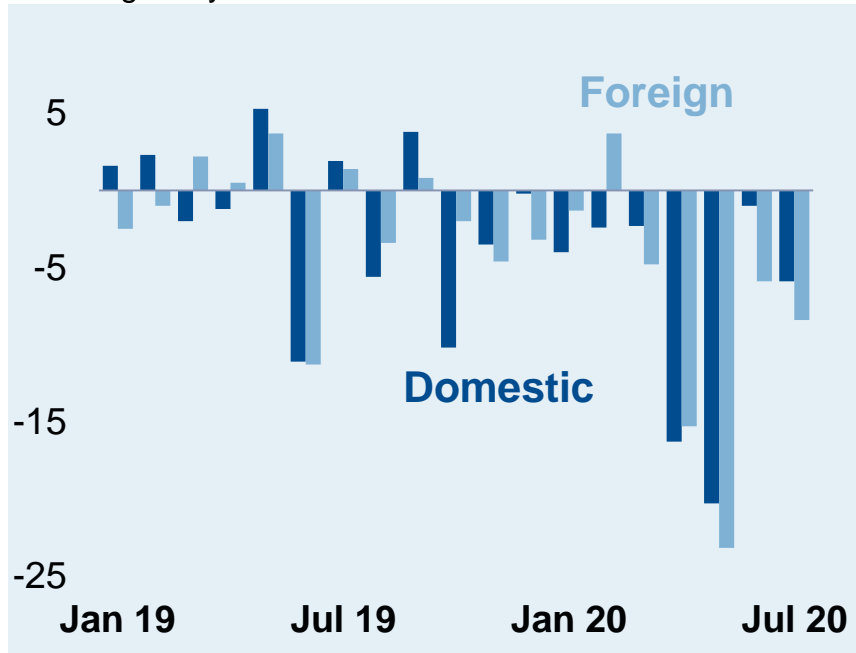
The count of staff newly announced for short-time work continued to fall to 14,800 in August of this year. For comparison: Back in April these notifications had reached a hitherto record value of 218,400.

The number of employees within the electric industry was 876,300 at the end of the first half of 2020 – down by 9,100 from the beginning of the year.

# German electric industry

## – Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

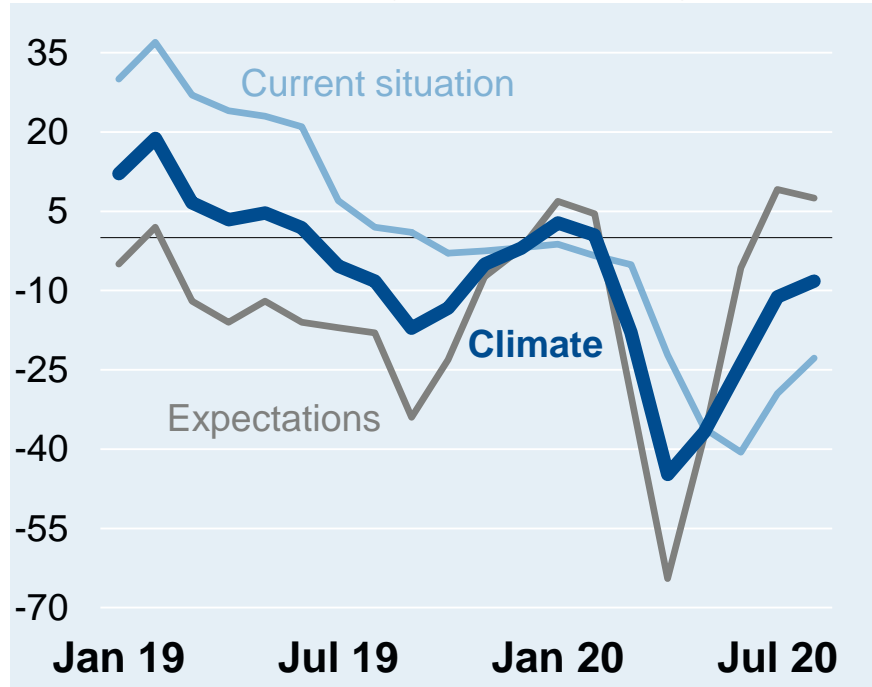
With €14.9bn sales of the domestic electric industry's companies missed their pre-year level by 7.3% in July 2020. The decline in domestic sales (by 5.9% to €7.2bn) was somewhat smaller than the reduction in foreign sales (by 8.4% to €7.7bn). The turnover from businesses with euro zone customers fell by 4.0% to €2.9bn in July. At the same time, sales to third countries were down more sharply, namely by 10.8% to €4.8bn.

Accumulated from January through July of this year the sector's aggregate turnover mounted up to €100.4bn, leaving it 8.4% below the level a year prior. Here domestic and foreign sales sagged by 7.5% to €47.7bn and 9.0% to €52.7bn, respectively. Revenues from businesses with partners from the euro area were down by more than a tenth in the first seven months of 2020 (-10.8% to €19.3bn). Sales to third countries fell by 8.0% to €33.4bn 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 August of this year. It picked up for the fourth consecutive month. However, only the firms' assessment of the current situation improved this time, whereas their overall business expectations fell slightly compared to July. On balance, the climate index still resides eight points below the zero line.

17% of the sector's companies evaluated their present economic situation as good in August. 44% found it unchanged and 39% considered it bad. Concerning the next six months to come, 27% of the firms are awaiting rising activities. 53% expect their future businesses to stay the same and 20% reckon with declines ahead.

The balance of positive and negative export expectations has increased a little bit to +3 %-age points in August. Back in July it stood at plus one point.

# German electric industry: Business cycle figures

year over year, %	2019	2020 July	2020 Jan - July
<b>New orders</b>	-2.9%	-5.9%	-9.3%
domestic	-4.1%	-1.6%	-4.4%
foreign	-2.0%	-9.5%	-13.1%
euro zone	-3.2%	-9.9%	-13.2%
non-euro zone	-1.3%	-9.2%	-13.0%
<b>Production, real</b>	-2.4%	-9.5%	-8.8%
<b>Turnover, bn €</b>	190.1 -1.8%	14.9 -7.3%	100.4 -8.4%
domestic, bn €	90.1 -1.8%	7.2 -5.9%	47.7 -7.5%
foreign, bn €	100.0 -1.7%	7.7 -8.4%	52.7 -9.0%
euro zone, bn €	36.6 -1.7%	2.9 -4.0%	19.3 -10.8%
non-euro zone, bn €	63.4 -1.7%	4.8 -10.8%	33.4 -8.0%

year over year, %	2019	2020 June	2020 Jan - June
<b>Employees, thousand</b>	885.4 <sup>1)</sup> -0.6%	876.3 <sup>1)</sup> -1.2%	880.3 <sup>2)</sup> -0.7%
<b>Exports, bn €</b>	216.5 +2.7%	15.6 -6.4%	96.5 -8.7%
<b>Imports, bn €</b>	196.9 +2.5%	14.4 +1.7%	89.6 -6.6%
	2019	2020 July	2020 Jan - July
Producer prices	+0.5%	+0.4%	+0.2%
Material prices	+0.4%	-0.3%	-0.4%
Export prices	-0.3%	-0.4%	-0.6%
Import prices	-1.7%	-2.5%	-2.4%
Balance of positive and negative answers	2019	2020 August	2020 July
<b>Business climate</b>	±0	-8	-11
- Economic situation	+14	-23	-30
- Expected business for next 6 months	-13	+8	+9
Export expectations for next 3 months	+1	+3	+1
Production plans for next 3 months	-1	-1	+4
	2019	2020 July	2020 April
<b>Capacity utilization</b>	85.3%	75.4%	75.9%
Reach of unfilled orders, in months	3.3	3.3	3.0

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

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