

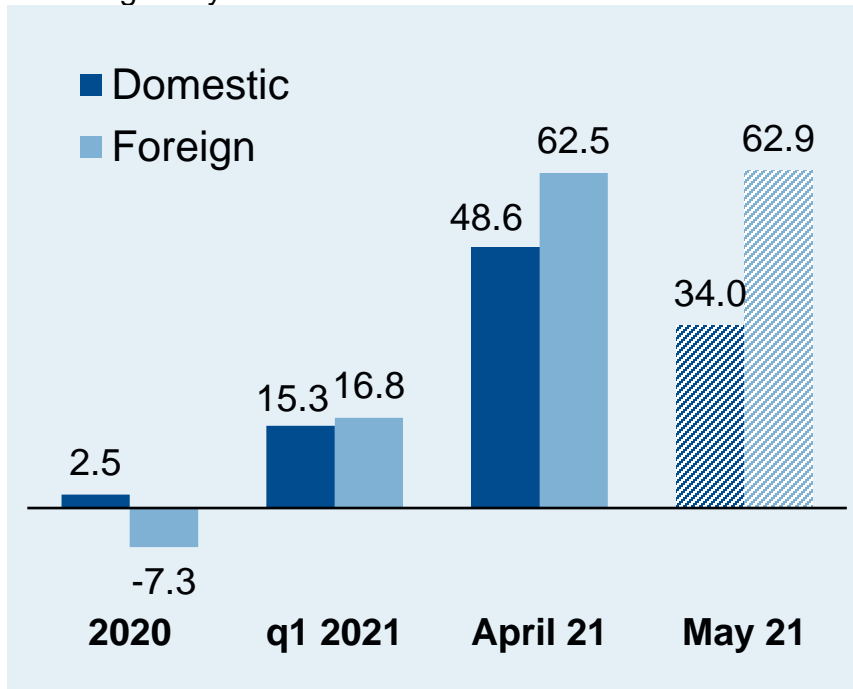
ZVEI Business Cycle Report

Edition July 2021

German electric industry

– New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

After their decline by 28% one year ago new orders in the German electric industry have picked up once again in May 2021. They soared by 49.1% (year-on-year) and, therewith, even exceeded their May 2019 level by more than seven percent.

Domestic bookings rose by 34.0% in May of this year. Foreign bookings increased almost twice as much – i.e., by 62.9%. Euro zone customers and clients from third countries raised their new orders by 64.2% and 62.2%, respectively.

In the full first five months of this year new orders exceeded their pre-year level by 27.9%. Here domestic bookings were up by 23.7% compared to a year earlier, and bookings from abroad were 31.3% on the rise. New orders from the euro area pulled up by 30.2% between January and May. At the same time, bookings from countries outside the common currency area topped their pre-year level by 31.9%.

German electric industry

– Production and employment

balance (%-age points)



Source: ifo Institute

The electric sector's real production – i.e., output adjusted for price – was 22.5% higher in May 2021 than it was a year ago. Although the recovery in output made further progress, its recent level still fell five percent short of the volume back in May 2019 (which had more working days, though).

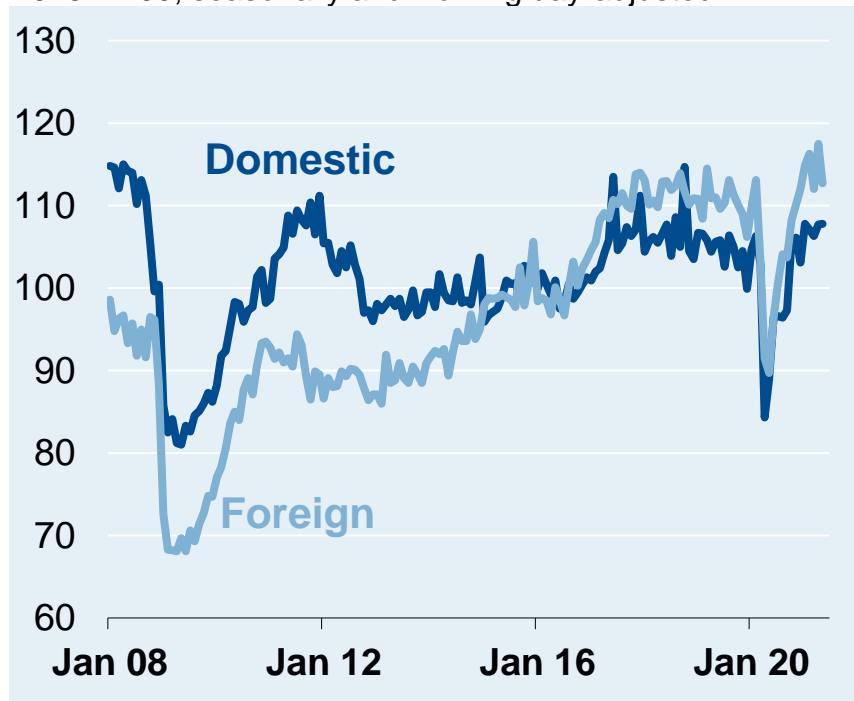
Accumulated from January through May of this year the electric industry managed to manufacture 10.7% more than in the same period last year.

The forward-looking production plans of the sector's companies were slightly up in June of this year compared to May. The balance of firms intending to expand or reduce their factory output in the next three months to come picked up to a reading of +36 %-age points (May: +35). At the same time, employment plans rose more strongly. Here the balance of companies wanting to recruit or lay off any workers came to +31 %-age points in June. Back in May it had been at +24.

German electric industry

– Turnover

2015 = 100, seasonally and working day-adjusted



Source: Destatis and ZVEI's own calculations

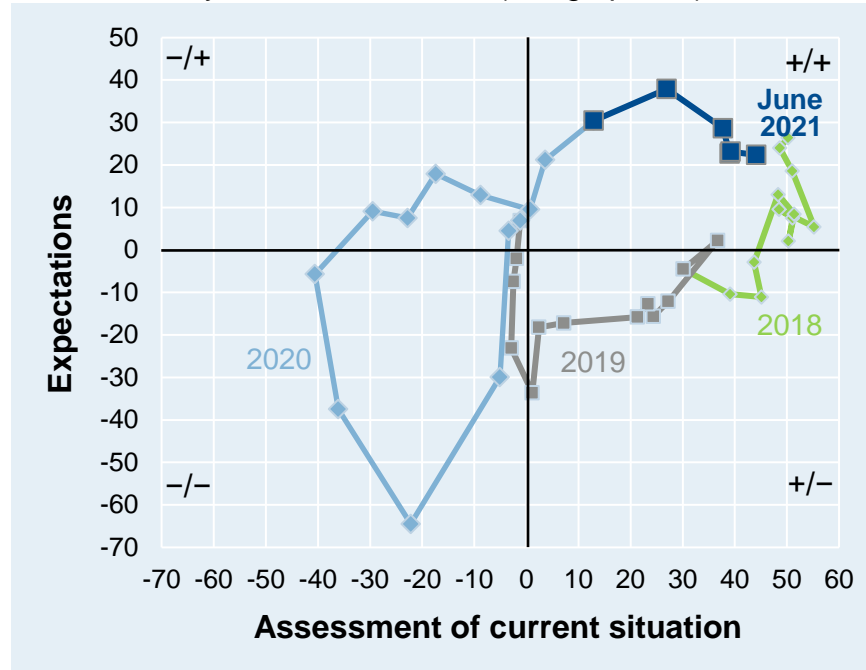
Sales of the German electric sector came to €15.4bn in May 2021. With it, they exceeded their pre-year level by 24.0%. Domestic and foreign turnover thereby increased by 21.5% (to €7.2bn) and 26.1% (to €8.2bn), respectively. Businesses with partners from the euro zone came to €3.0bn, leaving them 30.7% higher than a year earlier. Sales to third countries of €5.2bn were up by 23.4% in May.

In the full period from January through May of this year the domestic electric industry's aggregated sales grew by 11.3% (again year over year) to €79.2bn. Here domestic turnover rose by 9.6% to €36.7bn, while foreign turnover – of €42.5bn – was up by 12.7%. With €15.5bn sales to clients from the euro area stood 13.5% above their pre-year level in the first five months. Eventually, turnover with customers from third countries climbed by 12.2% to €27.0bn.

German electric industry

– Business climate

ifo business cycle clock, balances (%-age points)



Source: ifo Institute

After its stagnation in the preceding month the business climate in the German electric industry continued to grow in June of this year. While the firms' evaluation of their current situation thereby picked up markedly compared to May, their general business expectations were slightly down.

54% of the sector's companies assessed their present economic situation as good in June. At the same time, 37% and 9% found it stable or rather bad, respectively. Regarding expectations for the next six months to come, 34% of the domestic electric firms responded that they are looking forward to rising affairs. 55% expect rather steady businesses ahead, and 11% see their activities decline.

Export expectations rose once again in June, too. The balance of firms awaiting their deliveries abroad to rise or rather fall within the next three months to come climbed by four %-age points to a reading of +37.

German electric industry: Business cycle figures

year over year, %	2020	2021 May	2021 Jan - May
New orders	-3.1%	+49.1%	+27.9%
domestic	+2.5%	+34.0%	+23.7%
foreign	-7.3%	+62.9%	+31.3%
euro zone	-8.4%	+64.2%	+30.2%
non-euro zone	-6.6%	+62.2%	+31.9%
Production, real	-6.0%	+22.5%	+10.7%
Turnover, bn €	181.9 -5.0%	15.4 +24.0%	79.2 +11.3%
domestic, bn €	86.2 -4.3%	7.2 +21.5%	36.7 +9.6%
foreign, bn €	95.7 -5.6%	8.2 +26.1%	42.5 +12.7%
euro zone, bn €	34.8 -6.5%	3.0 +30.7%	15.5 +13.5%
non-euro zone, bn €	60.9 -5.0%	5.2 +23.4%	27.0 +12.2%

year over year, %	2020	2021 April	2021 Jan - Apr
Employees, thousand	871.6 ¹⁾ -1.6%	867.8 ¹⁾ -1.6%	867.1 ²⁾ -2.0%
Exports, bn €	202.7 -5.7%	17.4 +29.2%	71.9 +8.7%
Imports, bn €	189.9 -2.1%	16.8 +30.0%	69.4 +15.5%
	2020	2021 May	2021 Jan - May
Producer prices	+0.2%	+0.6%	+0.3%
Costs of materials	-0.2%	+3.9%	+2.1%
Export prices	-0.7%	-0.7%	-0.8%
Import prices	-2.7%	-2.6%	-2.9%
	2020	2021 June	2021 May
Balance of positive and negative answers			
Business climate	-10	+33	+31
- Economic situation	-15	+44	+39
- Expected business for next 6 months	-4	+22	+23
Export expectations for next 3 months	-6	+37	+33
Production plans for next 3 months	-5	+36	+35
	2020	2021 April	2021 January
Capacity utilization	78.4%	86.7%	82.0%
Reach of unfilled orders, in months	3.3	3.8	3.3

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

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