

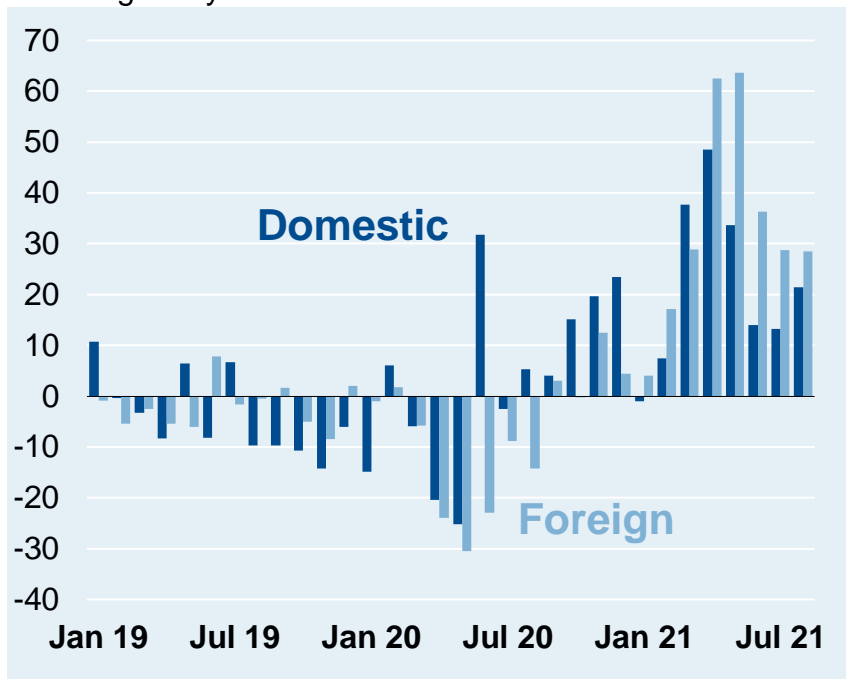
# ZVEI Business Cycle Report

Edition October 2021

# German electric industry

## – New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

New orders in the German electric industry once again advanced by a double-digit rate in August 2021. Overall, they picked up by 25.4% (year-on-year).

Domestic bookings exceeded their pre-year level by 21.4%. At the same time, foreign orders were up by 28.4% from a year ago. Customers from the euro zone raised their orders somewhat more strongly in August (+31.8%) than business partners from third countries did (+27.0%).

In the full first eight months of this year new orders in the electric sector grew by 26.2% (again year over year). With it, they also exceeded their 2019 pre-crisis level by a two-digit rate, namely by almost 15%.

It holds also for the period from January through August that foreign bookings (+31.3%) increased more starkly than domestic ones (+20.4%). New orders from the euro area and from third countries were 30.6% and 31.7% up, respectively.

# German electric industry

## – Production and employment

balance (%-age points)



Source: ifo Institute

The domestic electric sector's price-adjusted output exceeded its pre-year level by 13.9% in August 2021. From January through August it was 12.3% up from a year ago.

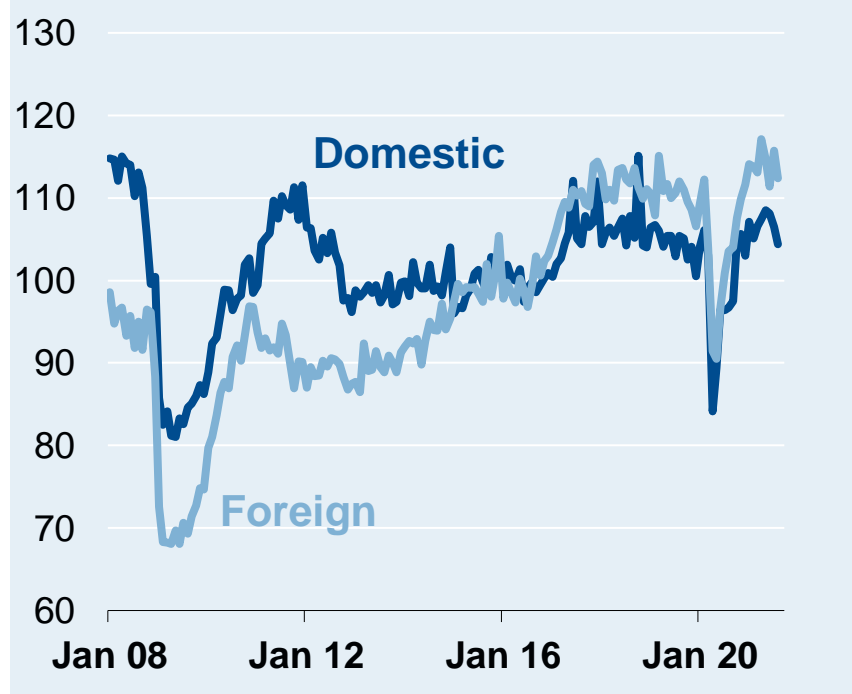
The companies' production plans were further revised upwards in September. Now the balance of firms planning to rise or rather lower their factory output in the next three months to come stands at +38 %-age points (compared to +34 in August). However, four out of five companies still bemoan ubiquitous and persistent material shortages and delivery problems.

As in the two preceding months, recruiting plans were again revised down in September. Yet, the count of companies intending to hire in the next three months to come still clearly exceeds the number of firms expecting layoffs by 23 %-age points. The count of total employees in the domestic electric sector came to 869,500 at last. The number of short-time workers further fell to only 24,000.

# German electric industry

## – Turnover

2015 = 100, seasonally and working day-adjusted



Source: Destatis and ZVEI's own calculations

With €15.7bn sales of the domestic electric industry rose by 12.1% (year over year) in August 2021. Revenues with domestic and foreign customers thereby climbed by 11.9% to €7.3bn and 12.3% to €8.4bn, respectively. Sales to business partners from the euro zone increased by 5.9% to € 2.8bn in August, while those to third countries advanced more dynamically (+15.7% to €5.6bn).

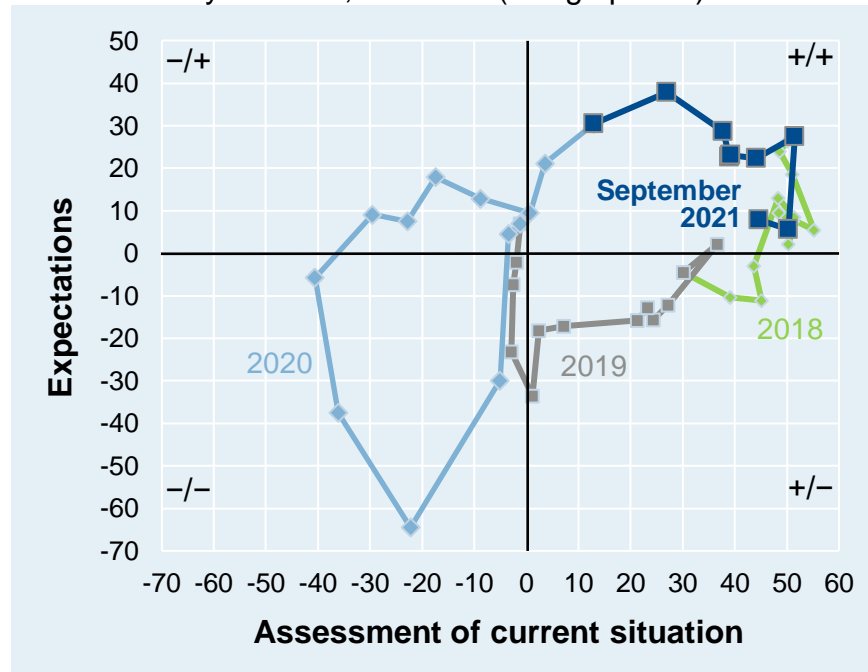
Accumulated from January through August of this year the sector's aggregated revenues came to a value of €128.6bn, leaving them 11.9% higher than a year earlier.

Domestic sales were 10.4% up in the first eight months of 2021 and reached €59.9bn. At the same time, foreign sales summed up to €68.7bn – a plus of 13.3% year-on-year. Customers from the euro area thereby generated revenues of €24.8bn (+12.8%), and turnover with clients from third countries went up by 13.5% to €43.9bn.

# German electric industry

## – Business climate

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



Source: ifo Institute

On balance, the business climate in the German electric industry has decreased only slightly in September of this year. On the one hand the firms' assessment of their current situation fell off somewhat, but on the other side their overall business expectations, which had sagged starkly in the preceding month, recovered a bit.

53% of the sector's companies evaluated their recent economic situation as good in September. At the same time, 38% appraised it as stable and 9% as bad. Regarding the look ahead, 24% of the firms reckon with expanding businesses in the next six months to come. 60% and 16% expect steady or rather declining affairs, respectively.

The electric companies' export expectations for the next three months have picked up once again in September, too. Here the balance of firms awaiting rising or rather falling deliveries abroad were up by 3 %-age points compared to August, reaching a reading of +29.

# German electric industry: Business cycle figures

year over year, %	2020	2021 August	2021 Jan - Aug
<b>New orders</b>	-3.1%	+25.4%	+26.2%
domestic	+2.5%	+21.4%	+20.4%
foreign	-7.3%	+28.4%	+31.3%
euro zone	-8.4%	+31.8%	+30.6%
non-euro zone	-6.6%	+27.0%	+31.7%
<b>Production, real</b>	-6.1%	+13.9%	+12.3%
<b>Turnover, bn €</b>	181.9 -5.0%	15.7 +12.1%	128.6 +11.9%
domestic, bn €	86.2 -4.3%	7.3 +11.9%	59.9 +10.4%
foreign, bn €	95.7 -5.6%	8.4 +12.3%	68.7 +13.3%
euro zone, bn €	34.8 -6.5%	2.8 +5.9%	24.8 +12.8%
non-euro zone, bn €	60.9 -5.0%	5.6 +15.7%	43.9 +13.5%

year over year, %	2019	2021 July	2021 Jan - July
<b>Employees, thousand</b>	871.6 <sup>1)</sup> -1.6%	869.5 <sup>1)</sup> -0.7%	867.3 <sup>2)</sup> -1.6%
<b>Exports, bn €</b>	202.7 -5.7%	18.0 +6.8%	126.7 +12.0%
<b>Imports, bn €</b>	189.9 -2.1%	16.6 +9.8%	121.0 +16.5%
	2020	2021 August	2021 Jan - Aug
Producer prices	+0.2%	+2.0%	+0.7%
Material prices	-0.2%	+6.6%	+3.4%
Export prices	-0.7%	+1.5%	-0.2%
Import prices	-2.7%	+2,5%	-1.5%
Balance of positive and negative answers	2020	2021 September	2021 August
<b>Business climate</b>	-10	+26	+27
- Economic situation	-15	+45	+50
- Expected business for next 6 months	-4	+8	+6
Export expectations for next 3 months	-6	+29	+26
Production plans for next 3 months	-5	+38	+34
	2020	2021 July	2021 April
<b>Capacity utilization</b>	78.4%	89.2%	86.7%
Reach of unfilled orders, in months	3.3	4.0	3.8

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

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