

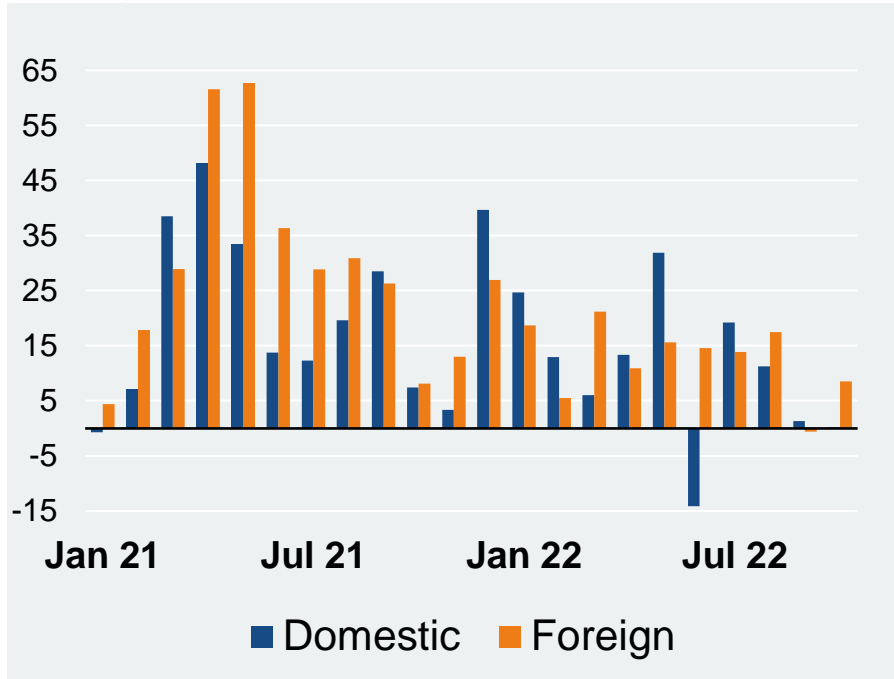
ZVEI Business Cycle Report

– Edition December 2022

German electro and digital industry

– New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

After their stagnation in the previous month, new orders in the German electro and digital industry increased by 4.7% (year over year) in October 2022. While domestic bookings more or less were at a standstill (+0.2%), new orders from abroad advanced by 8.5%. With it, euro area clients raised their bookings by 14.9% in October. New orders from third countries were 5.2% up on the year before.

In the full first ten months of this year the nominal value of new orders exceeded its pre-year level by 11.1%. Here domestic and foreign bookings picked up by 9.3% and 12.5%, respectively. New orders from the euro zone advanced by 16.9% between January and October. Finally, foreign business partners from third countries outside the common currency area ordered 10.1% more than a year earlier.

German electro and digital industry

– Production and employment

balance (%-age points)



Source: ifo Institute

German production (adjusted for price) of electrical and electronic products climbed by 2.8% (year over year) in October 2022. Accumulated from January through October the sector's real output was up 3.4% compared to the same period last year.

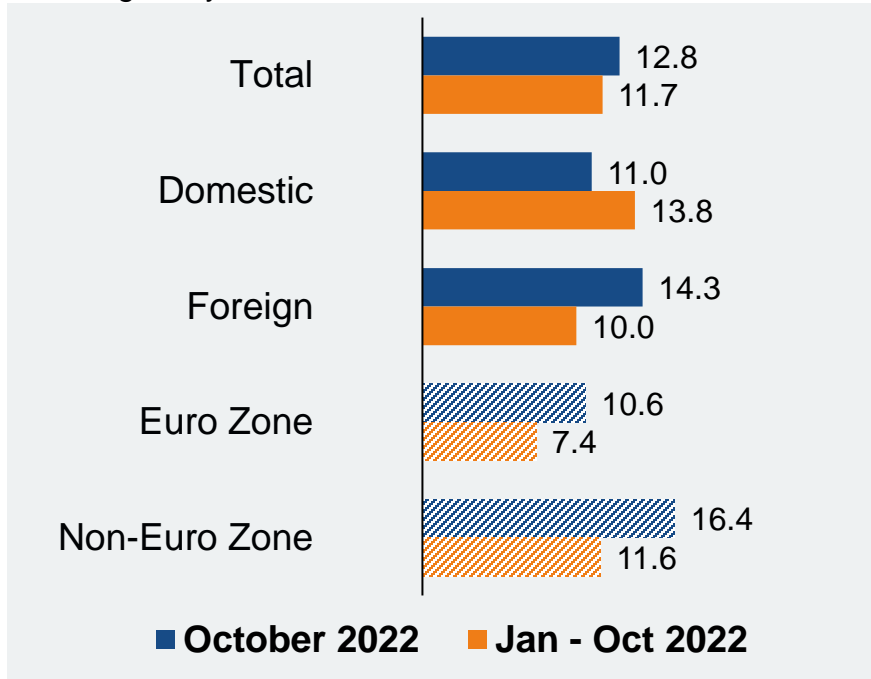
While the sector's companies revised their production plans downwards in November, their recruitment plans were up. The balance of firms scheduling to raise or rather curb their output in the next three months to come sagged from a reading of +7 in October to +5 now. In contrast, the corresponding balance relating to the companies' employment plans picked up from +7 to +11 %-age points.

The number of employees in the domestic electro and digital industry came to 894,300 at the end of the third quarter and, therewith, exceeded the pre-year figure by 2.5%.

German electro and digital industry

– Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

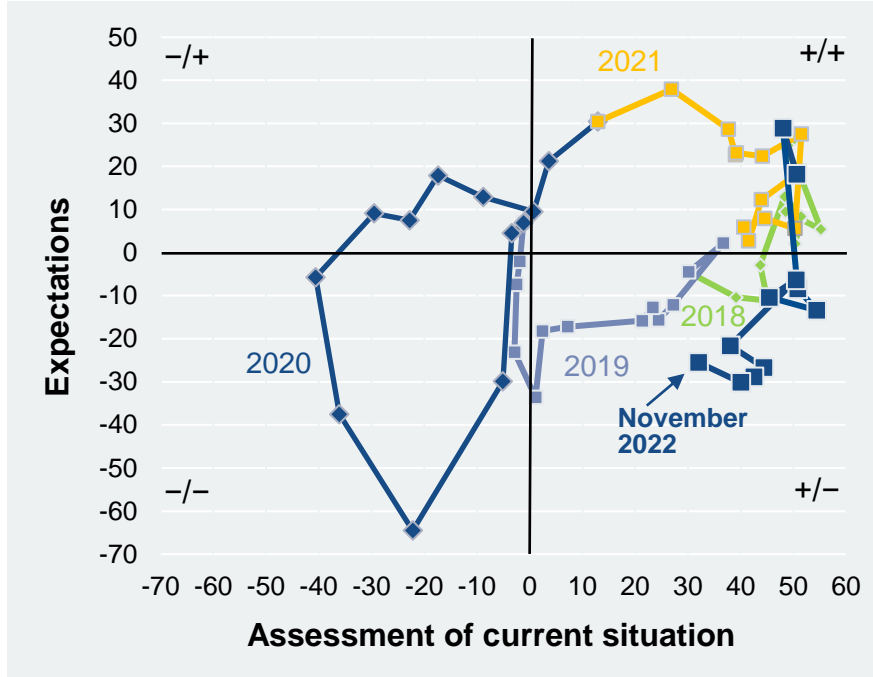
With €18.8bn, nominal sales of the domestic electro and digital industry were 12.8% up on the year before in October 2022. Domestic turnover rose by 11.0% to €8.9bn. Businesses with foreign clients increased by 14.3% to €9.9bn. Sales to the euro area came to €3.5bn in October and, therewith, exceeded their pre-year level by 10.6%. Revenues from businesses with foreign customers outside the euro zone picked up by 16.4% to €6.4bn.

In the full first ten months of this year the sector's aggregated turnover reached a value of €182.9bn, leaving it 11.7% higher than a year earlier. Here domestic sales (+13.8% to €86.7bn) advanced more strongly than foreign sales (+10.0% to €96.2bn). Turnover from businesses with the euro area amounted to €34.3bn between January and October – a plus of 7.4% (again year-on-year). Sales to third countries grew by 11.6% to €61.9bn.

German electro and digital industry

– Business climate

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



Source: ifo Institute

The business climate in the German electro and digital industry receded for the fifth consecutive month in November of this year. At least, the recent decline was quite small. For one thing, the companies' assessment of their current situation fell markedly compared to October. On the other hand, their expectations managed to recover.

45% of the sector's firms still described their present economic situation as good in November. 43% found it stable and 12% bad.

At the same time, only 12% of the electric companies are waiting for rising businesses within the next six months to come. Half of the firms (50%) reckon with steady affairs. 38% see declining activities ahead.

Export expectations fell in November. This means that the balance of companies anticipating more or rather less deliveries abroad in the next three months stands at a reading of +3 now – compared to +6 the month before.

German electro and digital industry

– Business cycle figures

year over year, %	2021	2022 October	2022 Jan - Oct
New orders	+23.5%	+4.7%	+11.1%
domestic	+19.6%	+0.2%	+9.3%
foreign	+26.8%	+8.5%	+12.5%
euro zone	+23.0%	+14.9%	+16.9%
non-euro zone	+28.9%	+5.2%	+10.1%
Production, real	+9.5%	+2.8%	+3.4%
Turnover, bn €	200.4 +10.2%	18.8 +12.8%	182.9 +11.7%
domestic, bn €	94.0 +9.1%	8.9 +11.0%	86.7 +13.8%
foreign, bn €	106.4 +11.2%	9.9 +14.3%	96.2 +10.0%
euro zone, bn €	38.5 +10.5%	3.5 +10.6%	34.3 +7.4%
non-euro zone, bn €	67.9 +11.6%	6.4 +16.4%	61.9 +11.6%

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

year over year, %	2021	2022 September	2022 Jan - Sep
Employees, thousand	874.1 ¹⁾ +0.3%	894.3 ¹⁾ +2.5%	882.5 ²⁾ +2.0%
Exports, bn €	226.3 +11.0%	21.4 +11.7%	180.3 +8.2%
Imports, bn €	221.3 +14.7%	22.9 +25.3%	189.0 +18.9%
	2021	2022 October	2022 Jan - Oct
Producer prices	+1.5%	+8.7%	+7.3%
Material prices	+5.1%	+12.7%	+13.4%
Export prices	+0.9%	+8.3%	+7.2%
Import prices	+0.6%	+8.7%	+9.4%
	2021	2022 November	2022 October
Balance of positive and negative answers			
Business climate	+29	+1	+2
- Economic situation	+39	+33	+40
- Expected business for next 6 months	+19	-26	-30
Export expectations for next 3 months	+27	+3	+6
Production plans for next 3 months	+34	+5	+7
	2021	2022 October	2022 July
Capacity utilization	86.6%	88.2%	88.3%
Reach of unfilled orders, in months	4.1	5.2	5.6

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