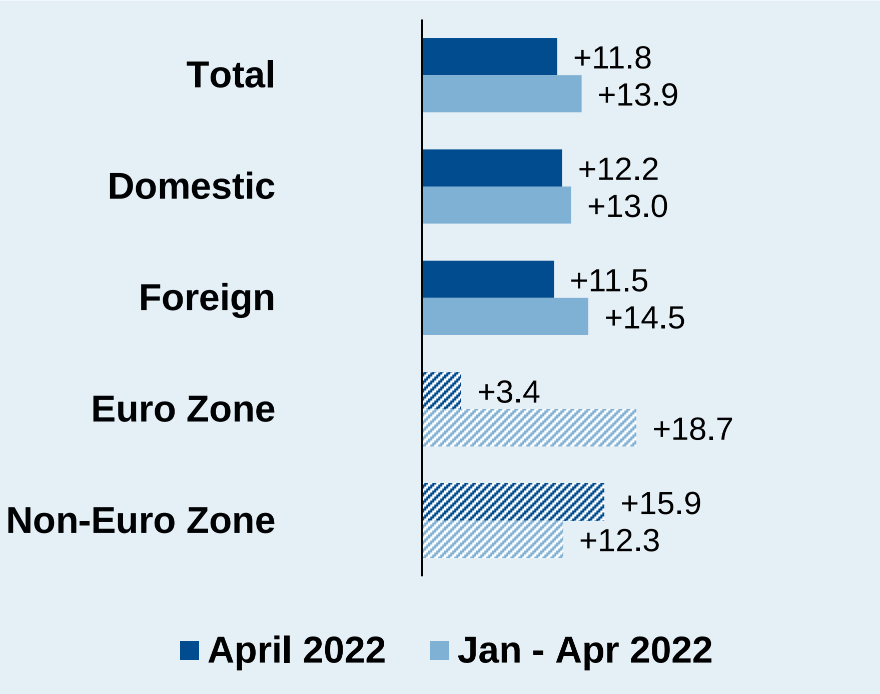
# ZVEI Business Cycle Report

Edition June 2022

# German electro and digital industry
## – New orders

% change on year earlier

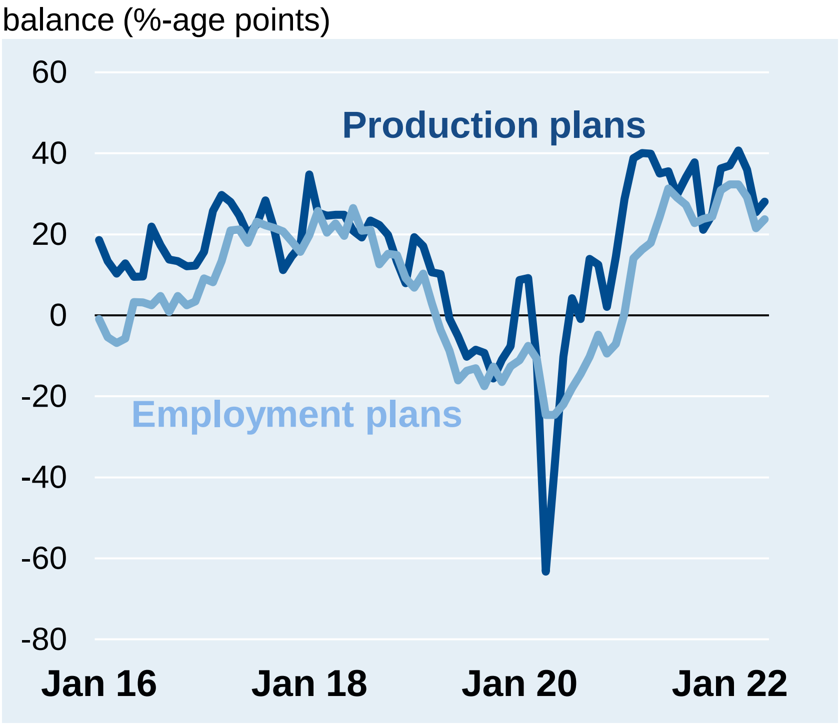



Source: Destatis and ZVEI's own calculations

In April 2022 – the second month falling completely into the period since the start of the war in Ukraine – new orders in the German electro and digital industry increased by 11.8% (year-on-year). Thereby, domestic and foreign bookings advanced about equally strongly, the former by 12.2% and the latter by 11.5%. Euro zone clients raised their orders by 3.4% in April, whereas bookings from third countries soared by 15.9%.

Accumulated from January through April of this year new orders were 13.9% up from a year earlier. Here domestic and foreign bookings advanced by 13.0% and 14.5%, respectively. Customers from the euro area booked 18.7% more in the first four months of 2022 compared to the same period last year. Finally, new orders from business partners in third countries exceeded their pre-year value by 12.3%.

# German electro and digital industry
## – Production and employment



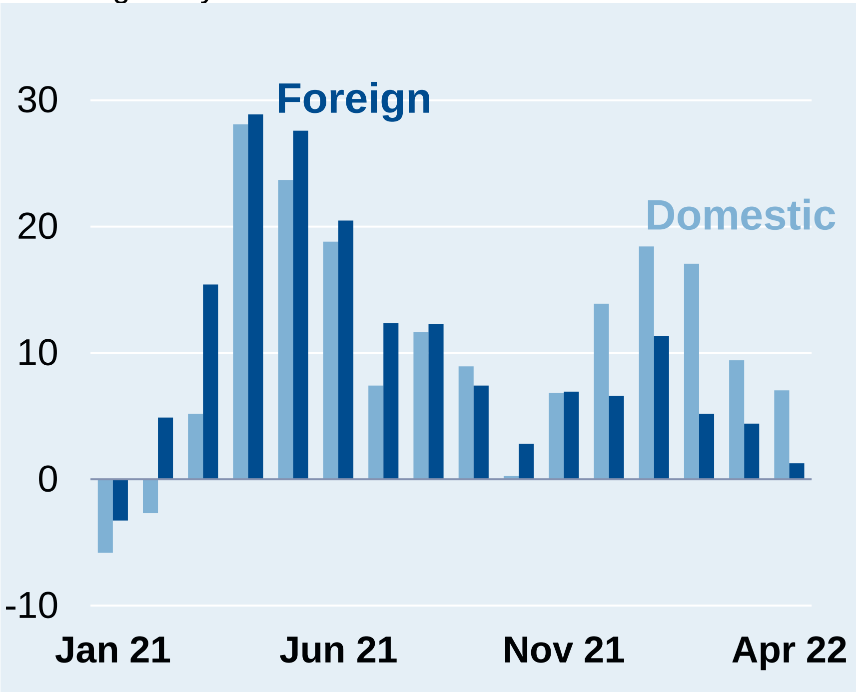

Source: ifo Institute

Real Production – i.e., output adjusted for price – of the German electro and digital industry was 3.5% down from a year earlier in April 2022. However, two effects made a difference. On the one hand, this year's April had one working day less than last year's (workday effect). Moreover, a year ago output had grown by more than one-fourth, so the bar was set very high (base effect). From January through April the sector's production volume came in 1.4% higher than the year before.

Both the firms' production and employment plans were revised upwards somewhat once again in May. The balance of companies planning to expand or rather curb their output in the next three months to come picked up from +26 (in April) to +28 %-age points. In case of the employment plans it rose from a reading of +22 to +24.

The number of employees within the sector came to 879,000 at last. Only 10,200 members of staff are still working short-time.

# German electro and digital industry
## – Turnover



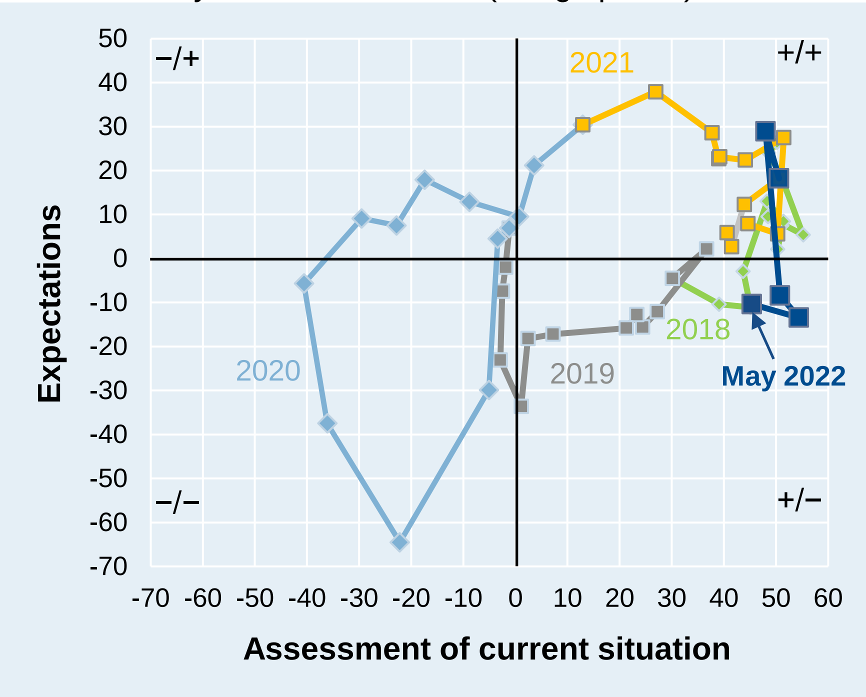
Source: Destatis and ZVEI's own calculations

With €16.4bn sales of the domestic electro and digital industry's companies exceeded their pre-year value by 3.8% in April 2022. Domestic turnover picked up by 7.0% to €7.8bn and, thereby, advanced faster than sales to customers from abroad, which merely rose by 1.3% to €8.6bn. While businesses with euro zone clients stagnated in April (-0.1% to €3.1bn), revenues with third countries were 2.1% up, reaching €5.5bn.

In the full first four months of this year the sector's aggregated sales amounted to €69.2bn, leaving them 8.5% higher than a year earlier. Again, domestic turnover (+12.7% to €32.8bn) increased more strongly than foreign turnover (+5.3% to €36.4bn). Sales to customers from the euro area rose by 3.0% to €13.3bn between January and April. In the same period, revenues from businesses with third countries grew by 6.7% (year over year) to €23.1bn.

# 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 third consecutive month in May 2022. This time the decline was primarily due to a correction in the companies' assessment of their current situation. Against it, the firms' overall business expectations recovered somewhat.

53% of the sector's companies described their present economic situation as good in May. 40% and 7% evaluated it as stable or rather bad, respectively. Regarding expectations for the next six months to come, only 15% of the sector's firms still reckon with rising businesses. 60% await steady affairs, while 25% expect contracting activities ahead.

After their rise in April export expectations came down once again in May. The balance of firms looking forward to growing or rather declining deliveries abroad within the next three months to come stands at +9 %-age points now (compared to +13 in April).

# German electro and digital industry
## – Business cycle figures

| year over year, % | 2021 | 2022 April | 2022 Jan - Apr |
|---|---|---|---|
| **New orders** | +23.5% | +11.8% | +13.9% |
| domestic | +19.6% | +12.2% | +13.0% |
| foreign | +26.8% | +11.5% | +14.5% |
| euro zone | +23.0% | +3.4% | +18.7% |
| non-euro zone | +28.9% | +15.9% | +12.3% |
| **Production, real** | +9.0% | -3.5% | +1.4% |
| **Turnover, bn €** | 200.4<br>+10.2% | 16.4<br>+3.8% | 69.2<br>+8.5% |
| domestic, bn € | 94.0<br>+9.1% | 7.8<br>+7.0% | 32.8<br>+12.7% |
| foreign, bn € | 106.4<br>+11.2% | 8.6<br>+1.3% | 36.4<br>+5.3% |
| euro zone, bn € | 38.5<br>+10.5% | 3.1<br>-0.1% | 13.3<br>+3.0% |
| non-euro zone, bn € | 67.9<br>+11.6% | 5.5<br>+2.1% | 23.1<br>+6.7% |

| year over year, % | 2021 | 2022 March | 2022 Jan - Mar |
|---|---|---|---|
| **Employees, thousand** | 874.1 1)<br>+0.3% | 878.9 1)<br>+1.9% | 877.1 2)<br>+1.8% |
| **Exports, bn €** | 224.6<br>+10.2% | 20.7<br>+5.1% | 57.3<br>+5.1% |
| **Imports, bn €** | 221.7<br>+14.9% | 20.4<br>+10.5% | 59.7<br>+12.7% |

| | 2021 | 2022 April | 2022 Jan - Apr |
|---|---|---|---|
| Producer prices | +1.5% | +7.2% | +6.1% |
| Material prices | +5.1% | +14.5% | +12.7% |
| Export prices | +0.9% | +7.2% | +6.3% |
| Import prices | +0.6% | +10.0% | +9.3% |

| Balance of positive and negative answers | 2021 | 2022 May | 2022 April |
|---|---|---|---|
| **Business climate** | +29 | +16 | +18 |
| - Economic situation | +39 | +45 | +54 |
| - Expected business for next 6 months | +19 | -10 | -13 |
| Export expectations for next 3 months | +27 | +9 | +13 |
| Production plans for next 3 months | +34 | +28 | +25 |

| | 2021 | 2022 April | 2022 January |
|---|---|---|---|
| **Capacity utilization** | 86.6% | 87.9% | 88.5% |
| Reach of unfilled orders, in months | 4.1 | 5.7 | 4.8 |

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

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