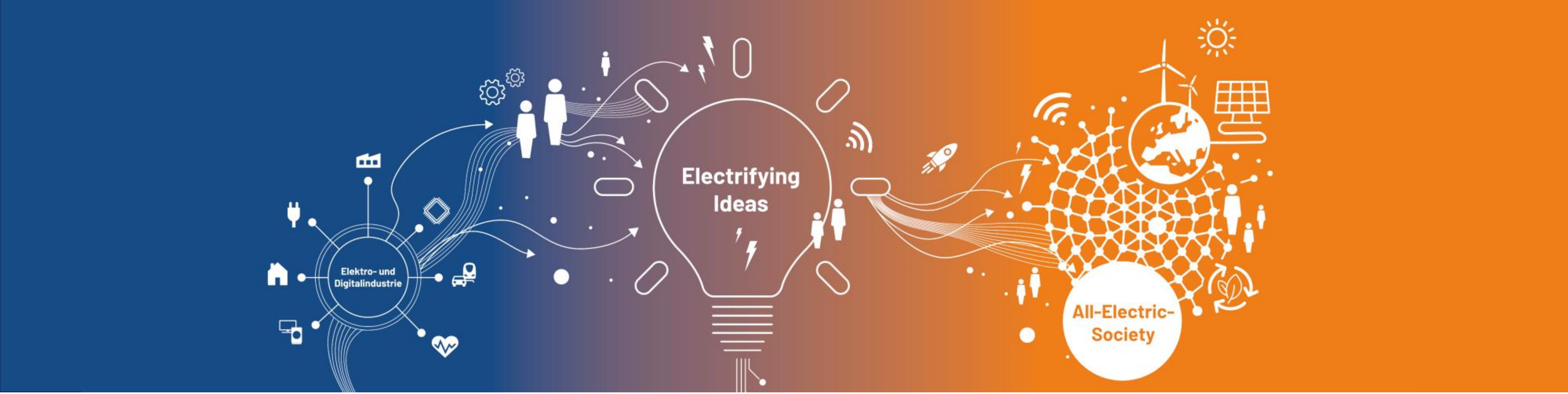


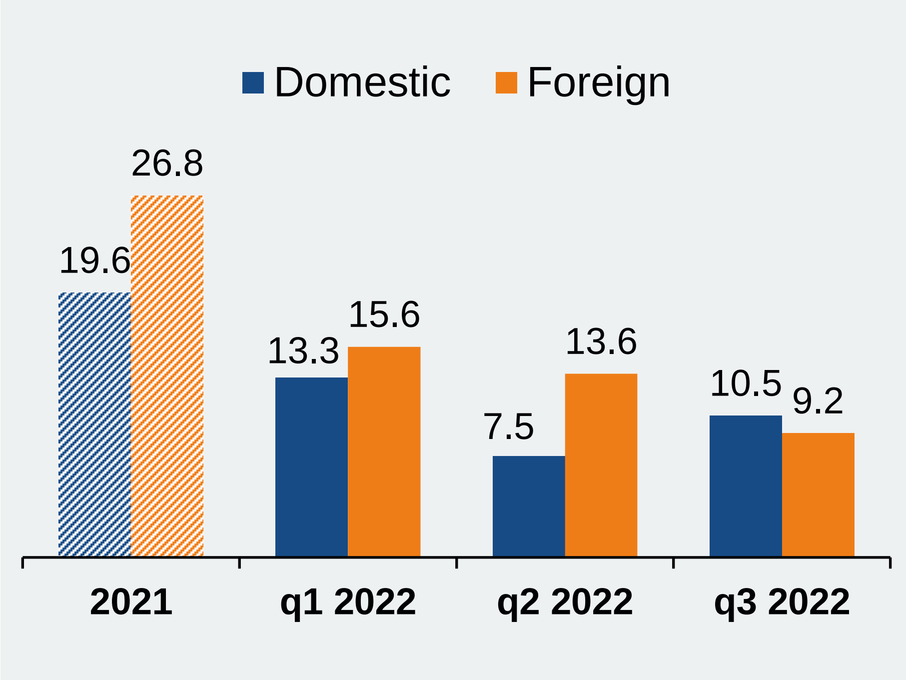
ZVEI Business Cycle Report

– Edition November 2022

zvei electrifying ideas

German electro and digital industry
– New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

New orders in the German electro and digital industry stagnated in September 2022 (-0.1% year over year). However, due to bulk orders, bookings had risen starkly a year ago. Hence, the bar for the latest data was set quite high.

As domestic bookings picked up by 1.6% in September, foreign orders were down 1.4%. And while euro zone customers raised their orders by 9.1%, bookings from third countries fell by 6.4%.

In the full first three quarters of this year the value of new orders exceeded its pre-year level by 11.7%. Here, domestic bookings advanced by 10.4%. New orders from abroad increased more strongly. They grew by 12.8% (euro area: +16.9%, third countries: +10.6%).

German electro and digital industry

– Production, capacity utilization, reach of orders, obstacles

… % of firms reporting obstacles to manufacturing due to …

Source: ifo Institute

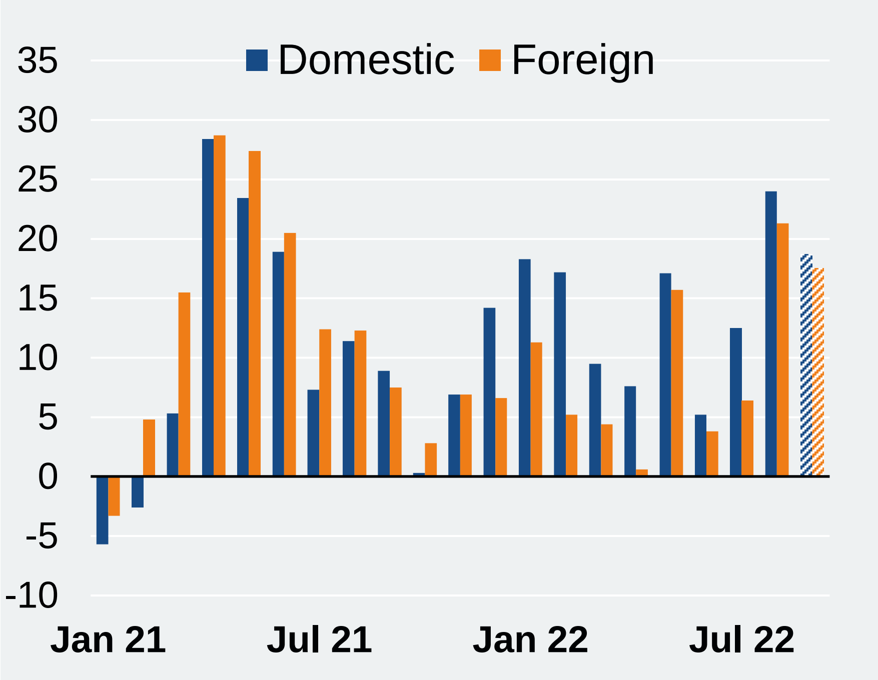
Production (adjusted for price) of electrical and electronic products grew by 7.8% (again year-on-year) in September. With it, from January through September the sector's real output surpassed its respective 2021 level by 3.5%.

While the capacity utilization within the sector came to 88.2% at the beginning of the fourth quarter of 2022 and, therewith, more or less stayed the same as three months earlier (88.3%), the reach of unfilled orders decreased from 5.6 to – still far above average – 5.2 (production) months.

Supply constraints (i.e., material shortages, logistical problems etc.) remain by far the biggest production obstacle. At least, the share of affected companies fell from 89% to 78% most recently. Half (51%) of all firms complain about a shortage of skilled workers. 15% of the companies meanwhile report about a lack of demand. Three months ago that was true for merely 10% of the sector's firms.

German electro and digital industry
– Turnover

% change on year earlier



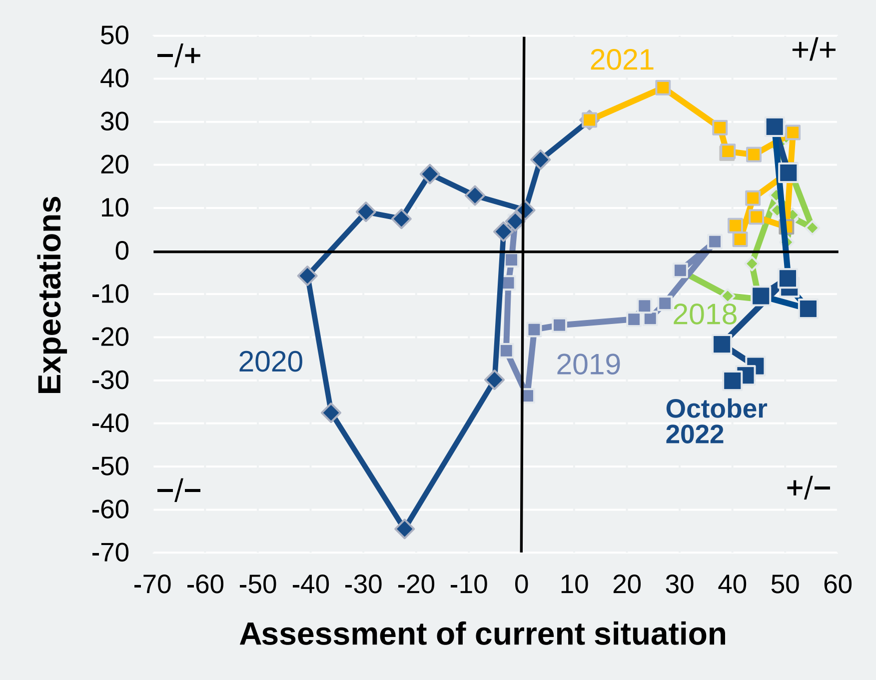
Source: Destatis and ZVEI's own calculations

With €21.1bn, nominal sales of the domestic electro and digital industry have topped their pre-year value by 18.1% in September 2022. Domestic and foreign turnover thereby came to €10.0bn (+18.7%) and €11.1bn (+17.5%), respectively. Businesses with euro area customers rose by 16.2% to €3.9bn. In third countries products of €7.2bn – and, therewith, 18.3% more than the year before – were marketed.

Accumulated from January through September of this year the sector's aggregated revenues reached €164.1bn, leaving them 11.6% higher than a year earlier. Here, domestic turnover (+14.2% to €77.8bn) advanced more strongly than sales to foreigners (+9.4% to €86.3bn). Businesses with euro zone clients increased by 7.0% to €30.8bn in the first nine months. Eventually, sales to foreign customers outside the common currency area expanded by 10.9% to €55.5bn.

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 continued to slightly decline in October of this year. Both the companies' assessment of their current situation as well as their expectations fell somewhat compared to September. However, with a reading of +2, the climate indicator still resides in positive territory.

About half (49%) of the sector's firms evaluated their present economic situation as good in October. 42% and 9% found it stable or rather bad, respectively.

Looking ahead for the next six months to come, only 10% of the companies are awaiting expanding businesses. 50% expect steady affairs, while 40% prepare for reductions.

Export expectations came in lower in October, too – after having increased in the month before. The balance of firms planning with more or rather less deliveries abroad within the next three months slipped from +7 to +6 %-age points.

German electro and digital industry
– Business cycle figures

zvei electrifying ideas

year over year, %	2021	2022 September	2022 Jan - Sep
New orders	+23.5%	-0.1%	+11.7%
domestic	+19.6%	+1.6%	+10.4%
foreign	+26.8%	-1.4%	+12.8%
euro zone	+23.0%	+9.1%	+16.9%
non-euro zone	+28.9%	-6.4%	+10.6%
Production, real	+9.5%	+7.8%	+3.5%
Turnover, bn €	200.4 +10.2%	21.1 +18.1%	164.1 +11.6%
domestic, bn €	94.0 +9.1%	10.0 +18.7%	77.8 +14.2%
foreign, bn €	106.4 +11.2%	11.1 +17.5%	86.3 +9.4%
euro zone, bn €	38.5 +10.5%	3.9 +16.2%	30.8 +7.0%
non-euro zone, bn €	67.9 +11.6%	7.2 +18.3%	55.5 +10.9%

year over year, %	2021	2022 August	2022 Jan - Aug
Employees, thousand	874.1 1) +0.3%	888.6 1) +2.1%	881.0 2) +1.9%
Exports, bn €	224.6 +10.2%	20.4 +15.8%	156.8 +7.8%
Imports, bn €	221.7 +14.9%	21.2 +30.1%	165.5 +18.0%
	2021	**2022 September**	**2022 Jan - Sep**
Producer prices Material prices Export prices Import prices	+1.5% +5.1% +0.9% +0.6%	+8.3% +13.9% +8.1% +9.2%	+7.1% +13.5% +7.1% +9.5%
Balance of positive and negative answers	**2021**	**2022 October**	**2022 September**
Business climate - Economic situation - Expected business for next 6 months Export expectations for next 3 months Production plans for next 3 months	+29 +39 +19 +27 +34	+2 +40 -30 +6 +7	+4 +43 -29 +7 +15
	2021	**2022 October**	**2022 July**
Capacity utilization Reach of unfilled orders, in months	86.6% 4.1	88.2% 5.2	88.3% 5.6

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

Contact

Dr Andreas Gontermann

Chief Economist, Head of
Economic Policies and Statistics

Phone: +49 69 6302-273
Mail: andreas.gontermann@zvei.org

Peter Giehl

Manager
Economic Policies and Statistics

Phone: +49 69 6302-406
Mail: peter.giehl@zvei.org

ZVEI e. V.
Electro and Digital Industry Association
Lyoner Straße 9, 60528 Frankfurt am Main