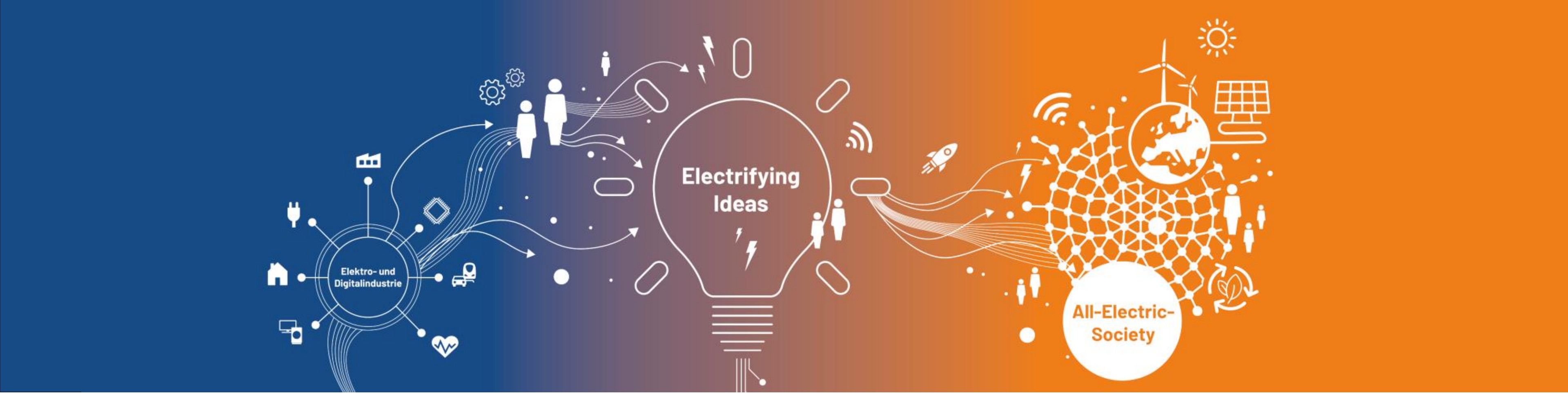
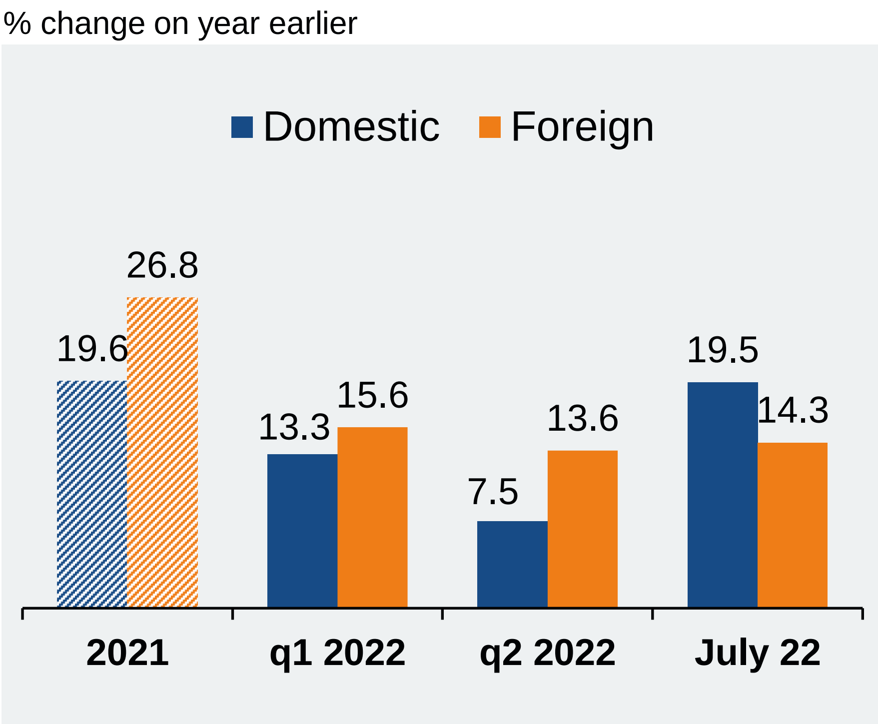


ZVEI Business Cycle Report

– Edition September 2022

zvei
electrifying
ideas

German electro and digital industry
– New orders



Source: Destatis and ZVEI’s own calculations

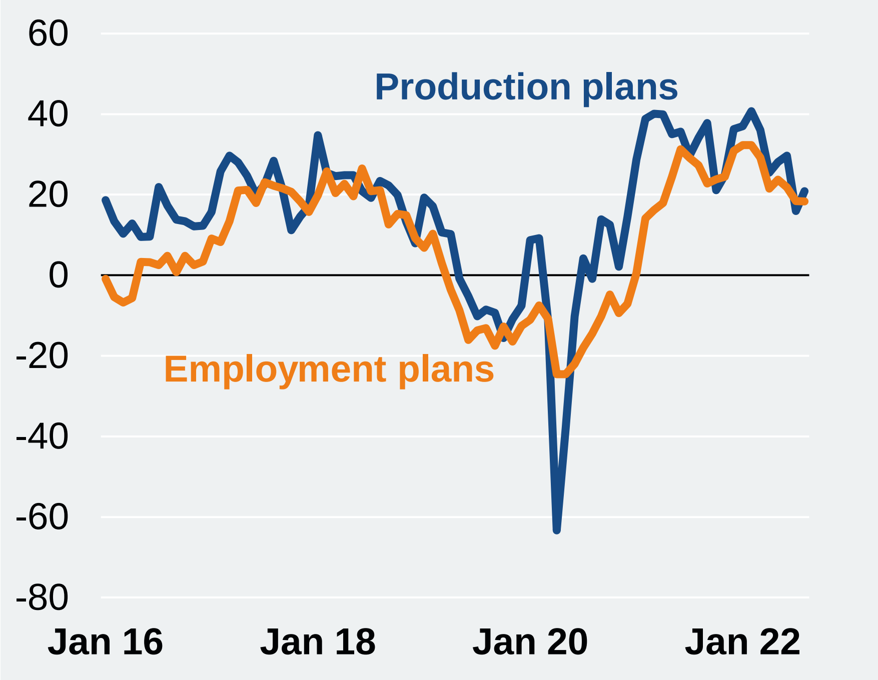
After their stagnation in the preceding month, new orders of the German electro and digital industry returned to growth in July. Not least due to bulk orders, they picked up by 16.7% (year over year). The increase, in terms of value, was also bigger than their average rise during the first half-year.

Domestic bookings soared by 19.5%. New orders from abroad rose by 14.3%. Here bookings from euro zone countries (+5.6%) advanced more moderately than new orders from third countries, which were 19.6% up on a year earlier.

In the full period from January through July of this year bookings managed to exceed their pre-year level by 13.3%. Thereby, domestic and foreign orders grew by 11.7% and 14.6%, respectively. While euro area clients raised their new orders by 17.2% in the first seven months, bookings from third countries came in 13.2% higher compared to last year.

German electro and digital industry
– Production and employment

balance (%-age points)



Source: ifo Institute

Production (adjusted for price) of electrical and electronic products moved forward only very slowly in July 2022. Overall, it was up by 0.3% (again year-on-year rate). Accumulated from January through July the sector’s real output surpassed its pre-year level by 1.7%.

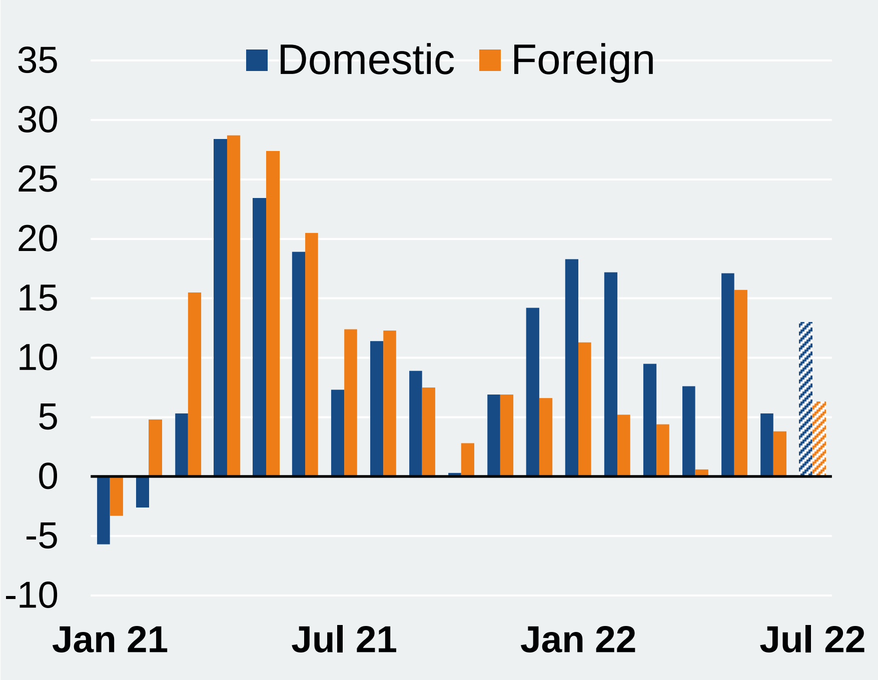
The firms’ production plans were raised once again in August. The balance of companies intending to expand or rather curb their output in the next three months ahead picked up by 5 %-age points to a reading of +21.

Recruitment plans within the sector didn’t change in August. The corresponding balance stayed at +18 %-age points.

At the end of the first half-year of 2022 the number of employees within the domestic electro and digital industry came to 882,400 – a plus of 2% compared to a year earlier.

German electro and digital industry
– Turnover

% change on year earlier



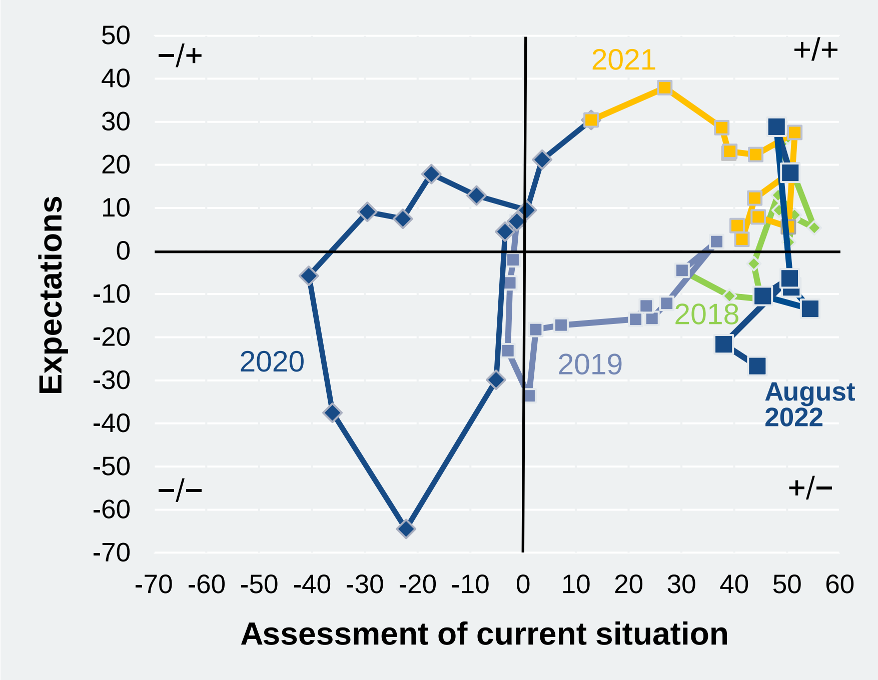
Source: Destatis and ZVEI's own calculations

With €17.8bn revenues of the domestic electro and digital industry were 9.5% up on their pre-year level in July 2022. Thereby, sales to domestic customers (+13.0% to €8.6bn) picked up twice as strongly as turnover from businesses with foreign clients (+6.3% to €9.2bn). Sales to the euro area came to €3.2bn, leaving them 1.9% higher than a year earlier. Turnover with third countries rose by 9.0% to €6.0bn in July 2022.

In the full first seven months of this year the sector's aggregated sales mounted up to €123.8bn. With it, they were 9.1% higher than they were a year ago. Here, revenues with domestic clients and customers from abroad increased by 12.2% to €58.8bn and 6.5% to €65.0bn, respectively. Businesses with the euro zone expanded by 3.8% to €23.5bn between January and July. Eventually, sales to third countries advanced by 8.2% to €41.5bn.

German electro and digital industry
– Business climate

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



Source: ifo Institute

On balance, the business climate in the German electro and digital industry hardly changed at all in August of this year compared to its result in the previous month. While the companies' assessment of their current situation changed for the better as compared to July, their expectations got worse.

50% – i.e., half of the sector's firms – described their present economic situation as good in August. 45% and 5% found it stable or rather bad, respectively.

Regarding the next six months to come, 11% of the companies look forward to rising businesses. 52% await quite steady affairs, whereas 37% reckon with declines.

Export expectations came down in August. Here, the balance of firms anticipating increasing or rather decreasing deliveries abroad fell to a reading of +2 (July: +6), leaving it only slightly above the zero line.

German electro and digital industry
– Business cycle figures

year over year, %	2021	2022 July	2022 Jan - July
New orders	+23.5%	+16.7%	+13.3%
domestic	+19.6%	+19.5%	+11.7%
foreign	+26.8%	+14.3%	+14.6%
euro zone	+23.0%	+5.6%	+17.2%
non-euro zone	+28.9%	+19.6%	+13.2%
Production, real	+9.5%	+0.3%	+1.7%
Turnover, bn €	200.4 +10.2%	17.8 +9.5%	123.8 +9.1%
domestic, bn €	94.0 +9.1%	8.6 +13.0%	58.8 +12.2%
foreign, bn €	106.4 +11.2%	9.2 +6.3%	65.0 +6.5%
euro zone, bn €	38.5 +10.5%	3.2 +1.9%	23.5 +3.8%
non-euro zone, bn €	67.9 +11.6%	6.0 +9.0%	41.5 +8.2%

year over year, %	2021	2022 June	2022 Jan - June
Employees, thousand	874.1 1) +0.3%	882.4 1) +1.9%	878.9 2) +1.8%
Exports, bn €	224.6 +10.2%	20.1 +8.8%	115.8 +6.3%
Imports, bn €	221.7 +14.9%	21.0 +21.4%	122.1 +15.5%
	2021	**2022 July**	**2022 Jan - July**
Producer prices Material prices Export prices Import prices	+1.5% +5.1% +0.9% +0.6%	+8.2% +13.8% +7.8% +9.5%	+6.8% +13.3% +6.9% +9.6%
Balance of positive and negative answers	**2021**	**2022 August**	**2022 July**
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	+6 +45 -26 +2 +21	+6 +38 -22 +6 +16
	2021	**2022 July**	**2022 April**
Capacity utilization Reach of unfilled orders, in months	86.6% 4.1	88.3% 5.6	87.9% 5.7

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

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