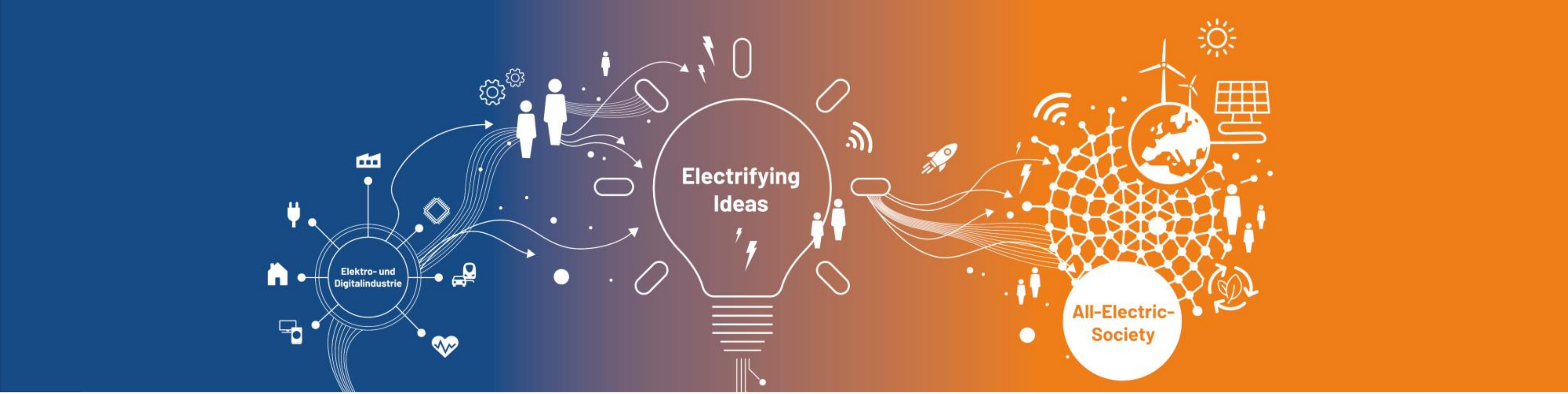
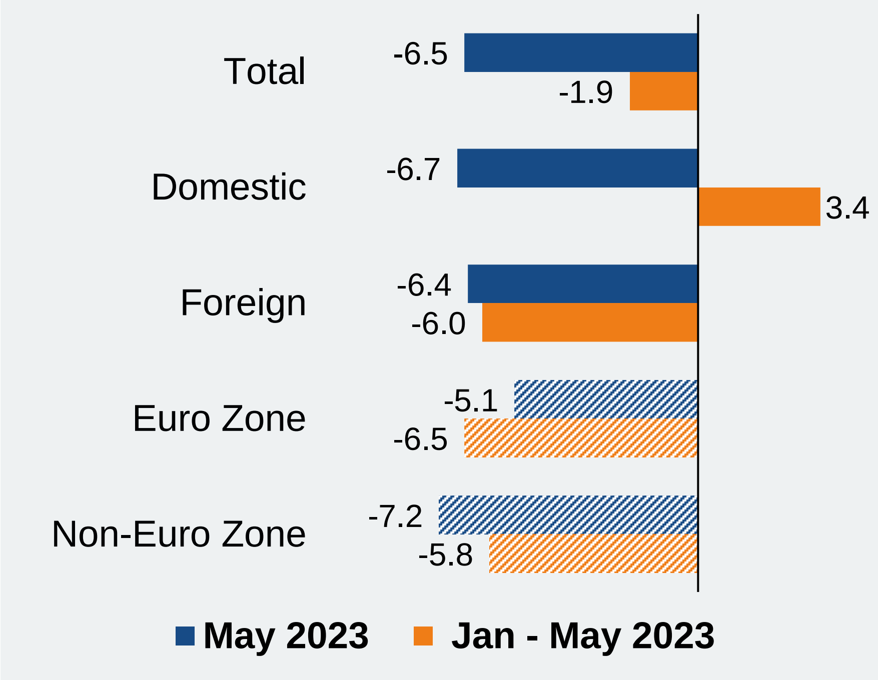


ZVEI Business Cycle Report

– Edition July 2023

German electro and digital industry
– New orders

% change on year earlier



Source: Destatis and ZVEI’s own calculations; allocation of foreign orders shaded

New orders – in nominal terms – in the German electro and digital industry failed their pre-year level by 6.5% in **May 2023**. Hence, they were down for the third consecutive month.

The decrease in domestic and foreign bookings was, more or less, the same. The former declined by 6.7% (year over year) and the latter by 6.4%. Incoming orders from the euro zone receded by 5.1% in May, while customers from third countries curbed their bookings by 7.2%.

In the **full first five months** of this year total new orders shrank by 1.9% compared to a year earlier. Here, a plus in incoming orders from domestic clients of 3.4% and a reduction in bookings from foreigners of 6.0% have faced each other. New orders from inside and outside the common European currency area sagged by 6.5% and 5.8% between January and May, respectively.

German electro and digital industry
– Production and employment

balance (%-age points)

Source: ifo Institute

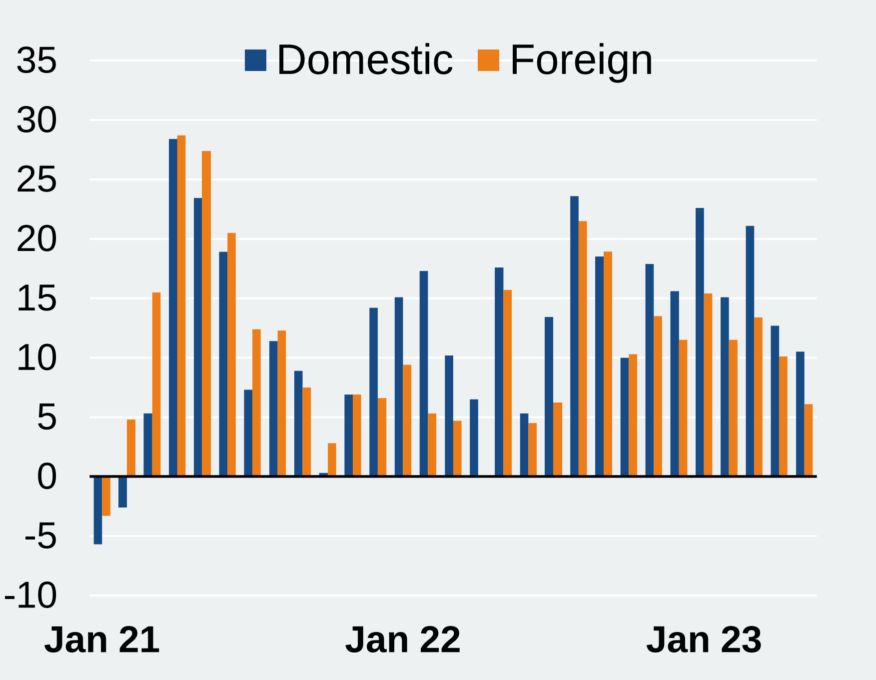
In effect, **production – adjusted for price –** of electrical and electronic products made in Germany stagnated in May (+0.1% year over year). In the entire period from January through May the sector's real output surpassed its respective pre-year level by 4.7%. For the whole year 2023 the ZVEI presently expects production to rise in the order of plus one to two percent.

The companies' **production plans** have slipped deeper into negative territory in June. The balance of firms who want to raise or rather cut their output in the next three months to come sagged from -1 to -7 %-age points. However, **recruitment plans** are, all in all, still positive. Here, the reading still stands at +2.

The **number of employees** within the domestic electro and digital industry came to 906,000 at last, which corresponds to a plus of 3.4% compared to a year earlier.

German electro and digital industry
– Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

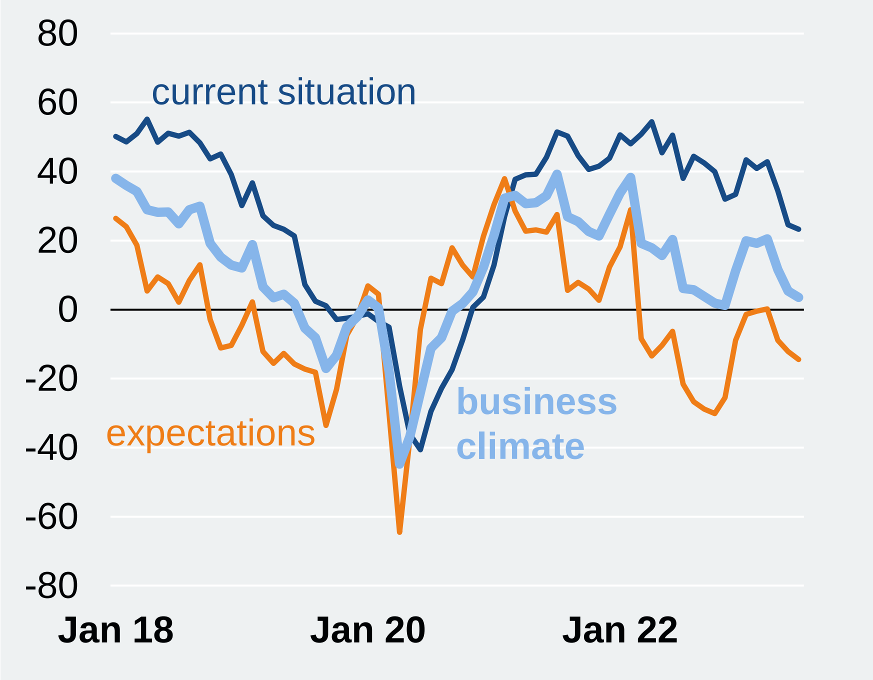
The domestic electro and digital companies' **aggregated sales** came to €19.7bn in **May 2023**, leaving them 8.1% higher than the year before. With it, for the first time in the course of the running year turnover merely advanced with a single-digit growth rate.

Domestic and foreign revenues picked up by 10.5% (to €9.5bn) and 6.1% (to €10.2bn) in May, respectively. Sales to euro zone customers grew by 7.7% to €3.7bn. Turnover with clients from third countries outside the common currency area was 5.3% on the rise, getting at €6.5bn.

In the **first five months** of this year the sector's sales increased by 13.5% (year-on-year) to €98.9bn. Here, businesses with domestic partners rose by 16.4% to €47.9bn. Turnover with foreign customers was 11.2% up and amounted to €51.0bn (euro area: +10.3% to €18.5bn, third countries: +11.8% to €32.5bn).

German electro and digital industry
– Business climate

balance (%-age points)



Source: ifo Institute

The business climate within the German electro and digital industry continued to decrease in June. It fell for the third month in a row. Compared to May, the firms revised down both their assessment of the **current economic situation** and their **overall business expectations**.

41% of the sector’s companies evaluated their present situation as good in June. Again 41% described it as stable, while 18% found it bad.

Regarding the next six months to come, 14% of the electro firms expect rising activities, but 29% reckon with declines ahead. 57% of the companies are awaiting rather steady affairs.

Export expectations have receded in June, too. Here, the balance of firms looking forward to expanding or contracting deliveries abroad in the next three months meanwhile has come down to nil.

German electro and digital industry
– Business cycle figures

year over year, %	2022	2023 May	2023 Jan - May
New orders	+10.2%	-6.5%	-1.9%
domestic	+10.0%	-6.7%	+3.4%
foreign	+10.4%	-6.4%	-6.0%
euro zone	+15.3%	-5.1%	-6.5%
non-euro zone	+7.8%	-7.2%	-5.8%
Production, real	+3.7%	+0.1%	+4.7%
Turnover, bn €	224.5 +12.0%	19.7 +8.1%	98.9 +13.5%
domestic, bn €	107.3 +14.2%	9.5 +10.5%	47.9 +16.4%
foreign, bn €	117.2 +10.1%	10.2 +6.1%	51.0 +11.2%
euro zone, bn €	41.6 +8.1%	3.7 +7.7%	18.5 +10.3%
non-euro zone, bn €	75.6 +11.2%	6.5 +5.3%	32.5 +11.8%

year over year, %	2022	2023 April	2023 Jan - Apr
Employees, thousand	898.0 1) +2.7%	906.2 1) +3.4%	904.3 2) +3.3%
Exports, bn €	245.8 +8.6%	19.0 +7.0%	84.2 +10.7%
Imports, bn €	262.1 +18.4%	20.5 +8.6%	90.0 +13.4%
	2022	**2023 May**	**2023 Jan - May**
Producer prices Material prices Export prices Import prices	+7.5% +13.0% +7.3% +8.9%	+6.7% +3.4% +4.8% +1.0%	+7.8% +6.4% +5.7% +2.9%
Balance of positive and negative answers	**2022**	**2023 June**	**2023 May**
Business climate - Economic situation - Expected business for next 6 months Export expectations for next 3 months Production plans for next 3 months	+15 +44 -11 +10 +22	+4 +23 -15 ±0 -7	+5 +24 -12 +2 -1
	2022	**2023 April**	**2023 January**
Capacity utilization Reach of unfilled orders, in months	88.2% 5.3	85.7% 5.2	87.9% 5.6

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

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