

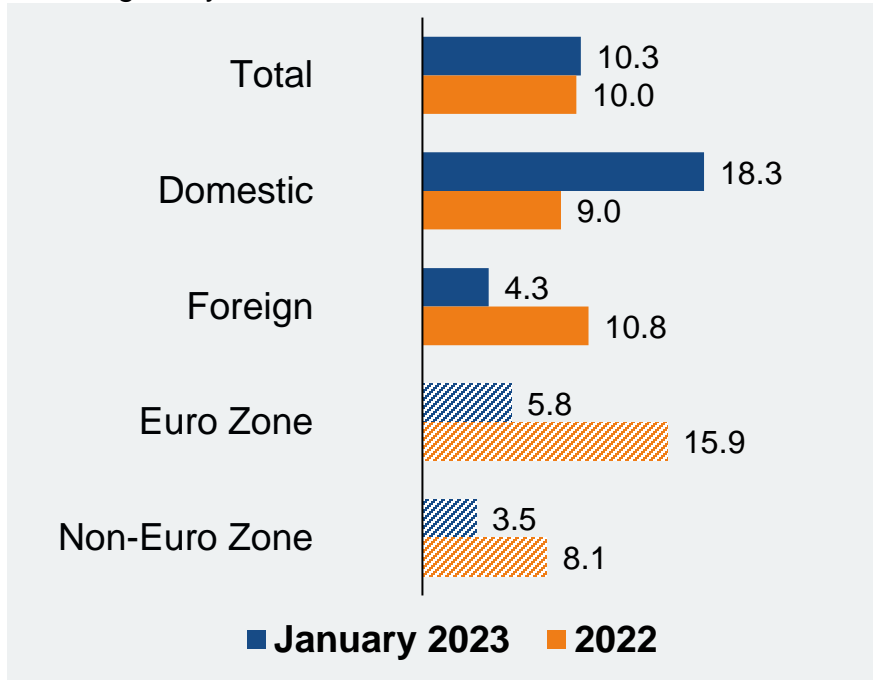
ZVEI Business Cycle Report

– Edition March 2023

German electro and digital industry

– New orders

% change on year earlier



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

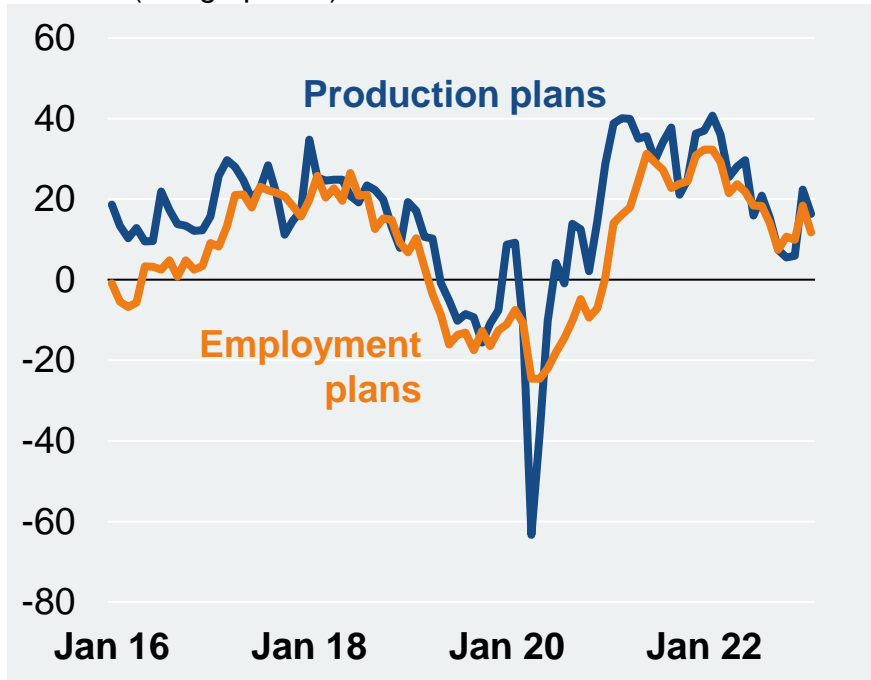
New orders in the German electro and digital industry have evolved by the same rate in January 2023 as – on average – over the whole of the last year 2022. Therefore, bookings were up 10.3% (year over year) in the first month of this year.

The value of **domestic orders** soared by 18.3% in January 2023, whereas the increase in new **bookings from abroad** (+4.3%) was considerably smaller. Clients from the euro area raised their orders by 5.8%. Bookings from third countries were 3.5% up.

Producer prices within the domestic electro and digital industry rose by almost nine percent in January 2023 compared to a year earlier. Hence, in real terms, the step up in new orders came in much flatter than in nominal ones.

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

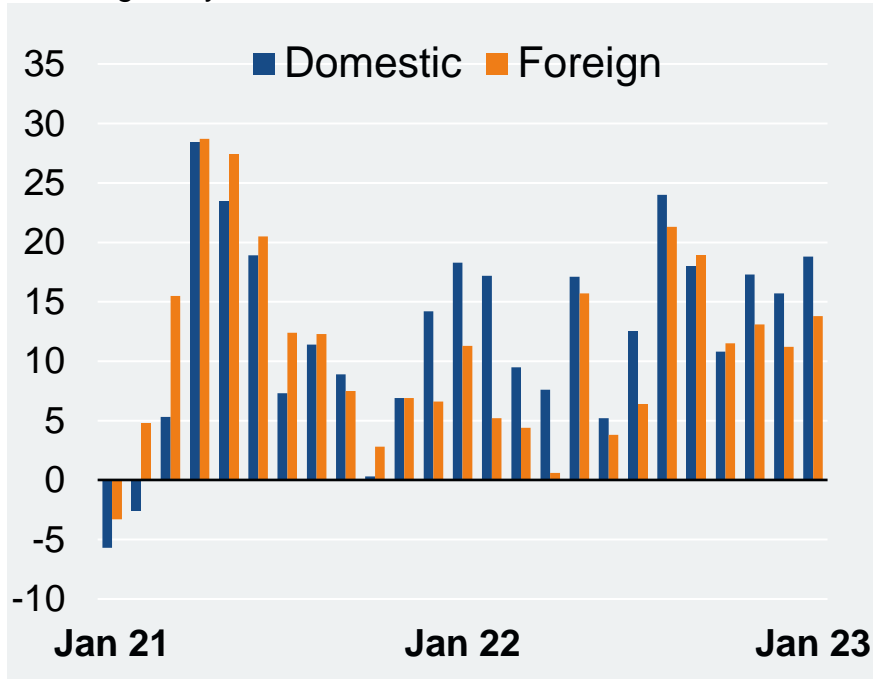
Domestic **real production** of electrical and electronic products was up 10.5% (year-on-year) in January 2023. Besides the handling of a very high backlog of orders, the recent surge was also supported by an additional working day. For the whole of this year ZVEI presently expects the sector's price-adjusted output to sustain its pre-year level. Back in 2022 production had grown by three and a half percent.

Both the companies' **production** and **recruitment plans** were revised downwards in February (see chart). Compared to January, the balance of firms intending to raise or rather cut their output in the next three months to come fell from +22 to +16 %-age points. As regards the firms' employment plans, the corresponding balance declined from a reading of +18 to +12.

The **number of employees** in the domestic electro and digital industry came to 898,000 at last.

German electro and digital industry – Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

Aggregated sales of the domestic electro and digital industry's companies came to €18.7bn in January 2023. With it, their nominal value was up 16.1% compared to the year before.

Businesses with **German customers** soared by 18.8% to €9.2bn. **Foreign sales** amounted to €9.5bn, leaving them 13.8% higher than a year earlier. Thereby, revenues from non-euro zone clients (+16.4% to €6.1bn) fared even better than turnover with customers from the common currency area (+9.2% to €3.4bn).

In the full last year 2022 the sector's revenues had risen by 12.1% to a new all-time high of €224.8bn.

German electro and digital industry

– Business climate

balance (%-age points)



Source: ifo Institute

The business climate in the German electro and digital industry more or less came to a standstill in February of this year. While the companies' assessment of their **current situation** was a bit inferior compared to the month before, their overall business **expectations** picked up, albeit only slightly.

Half of the sector's firms described the present economic conditions as good in February. 42% found them stable and merely 9% unfavourable.

Regarding the next six months to come, 13% and 14% of the electro companies look forward to an expansion or rather contraction of their businesses, respectively. The majority of the firms – i.e., almost three-fourths – are awaiting steady affairs.

Export expectations receded in February. Here, the balance of firms waiting for more or less deliveries abroad within the next three months ahead sagged from +14 to +10 %-age points.

German electro and digital industry

– Business cycle figures

year over year, %	2022	2023 January	2023 Jan - Jan
New orders	+10.0%	+10.3%	+10.3%
domestic	+9.0%	+18.3%	+18.3%
foreign	+10.8%	+4.3%	+4.3%
euro zone	+15.9%	+5.8%	+5.8%
non-euro zone	+8.1%	+3.5%	+3.5%
Production, real	+3.5%	+10.5%	+10.5%
Turnover, bn €	224.8 +12.1%	18.7 +16.1%	18.7 +16.1%
domestic, bn €	107.5 +14.3%	9.2 +18.8%	9.2 +18.8%
foreign, bn €	117.3 +10.2%	9.5 +13.8%	9.5 +13.8%
euro zone, bn €	41.7 +8.3%	3.4 +9.2%	3.4 +9.2%
non-euro zone, bn €	75.6 +11.3%	6.1 +16.4%	6.1 +16.4%

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

year over year, %	2021	2022 December	2022 Jan - Dec
Employees, thousand	874.1 ¹⁾ +0.3%	898.1 ¹⁾ +2.7%	886.1 ²⁾ +2.1%
Exports, bn €	226.3 +11.0%	20.0 +6.7%	245.8 +8.6%
Imports, bn €	221.3 +14.7%	21.3 +5.6%	262.1 +18.4%
	2022	2023 January	2023 Jan - Jan
Producer prices	+7.5%	+8.7%	+8.7%
Material prices	+13.0%	+9.5%	+9.5%
Export prices	+7.3%	+6.6%	+6.6%
Import prices	+8.9%	+4.6%	+4.6%
Balance of positive and negative answers	2022	2023 February	2023 January
Business climate	+15	+19	+20
- Economic situation	+44	+41	+43
- Expected business for next 6 months	-11	-1	-1
Export expectations for next 3 months	+10	+10	+13
Production plans for next 3 months	+22	+16	+22
	2022	2023 January	2022 October
Capacity utilization	88.2%	87.9%	88.2%
Reach of unfilled orders, in months	5.3	5.6	5.2

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