

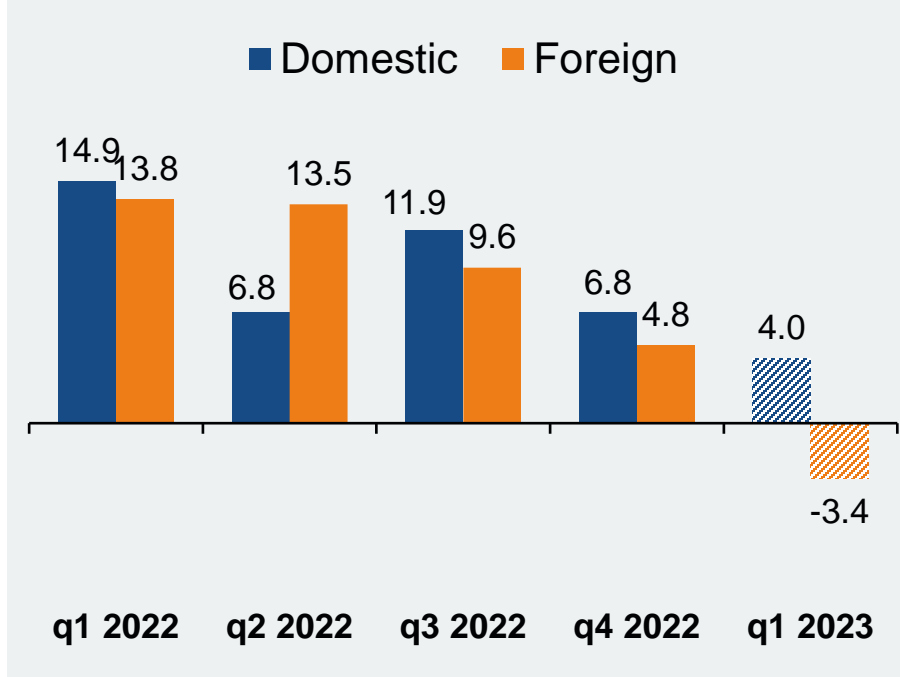


ZVEI Business Cycle Report

– Edition May 2023

German electro and digital industry – New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

In March 2023 **new orders** in the German electro and digital industry failed their pre-year value by 9.7%. Thus, it was the first decline in nominal bookings in more than two and a half years.

Domestic orders fell by 2.7% in March. Foreign bookings sagged much further, namely by 15.2% (euro zone: -18.2%, third countries: -13.5%).

In the full **first quarter of this year** new orders stagnated (-0.1%). Here, domestic clients still raised their bookings by 4.0%, but new orders from foreign customers were 3.4% down compared to a year earlier. Bookings from the euro area and from third countries decreased by 7.5% and 1.1% between January and March, respectively.

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 goods managed to rise by 6.3% (year-on-year) in March. The increase was bigger than in February, but smaller than in January. In the first three months of this year the sector's real output was 6.6% up on a year earlier.

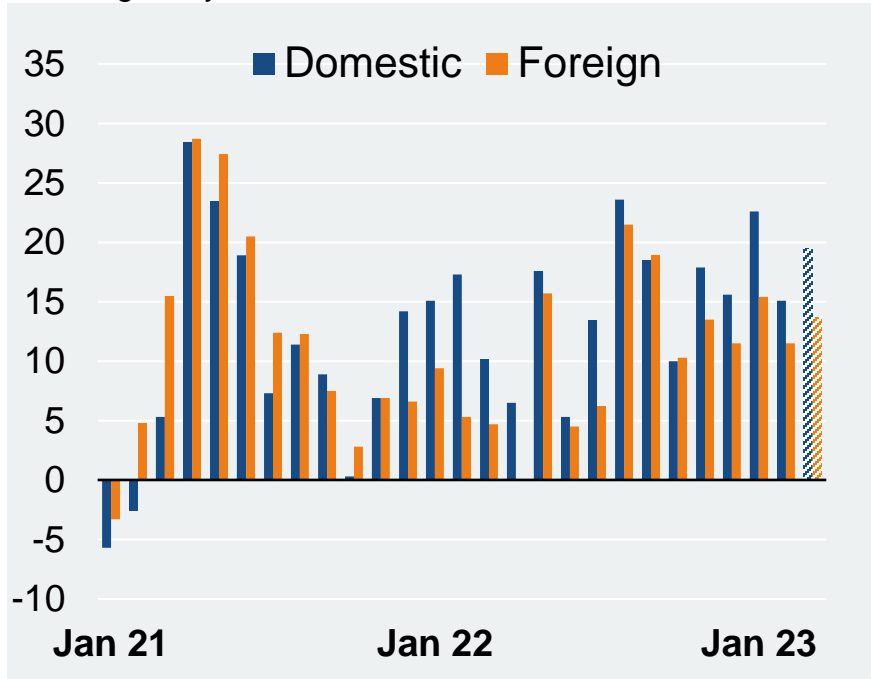
The sector-wide **capacity utilization** stood at 85.7% at the beginning of the second quarter of 2023 and, therewith, more than two percentage points lower than three months before. The **reach of unfilled orders** decreased from 5.6 to 5.2 months.

Supply chain constraints continue to recede. The share of firms reporting about **material shortages** fell from 68% to 54%. 44% still complain about a shortage of **skilled workers** – down from 49%. Meanwhile, 22% of the sector's companies face a lack of **demand**. One quarter ago only 18% were affected by insufficient incoming orders.

German electro and digital industry

– Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

Nominal sales of the domestic electro and digital industry came to €23.0bn in March 2023, leaving them 16.3% higher than the year before. With it, domestic turnover (+19.5% to €11.0bn) increased more strongly than foreign turnover (+13.7% to €12.0bn). Businesses with the euro zone advanced by 12.3% to €4.3bn in March. Sales to third countries rose by 14.4% to €7.7bn.

In the first quarter of 2023 the sector's aggregated turnover amounted to €60.9bn and, therewith, exceeded its pre-year value by 16.0%. In the same period, **producer prices** were 8.4% up compared to a year earlier.

Domestic sales grew by 19.0% to €29.5bn from January through March, while revenues from businesses with third countries picked up by 13.5% to €31.4bn (euro area: +10.9% to €11.3bn, third countries: +15.0% to €20.1bn).

German electro and digital industry

– Business climate

balance (%-age points)



Source: ifo Institute

The business climate in the German electro and digital industry receded markedly in April of this year. For one thing, the **current situation** was assessed worse than in the month before. Also, overall business **expectations** fell into negative territory.

48% of the sector's companies described their present situation as good in April. 38% found it stable, but 14% evaluated it as bad.

Regarding the next six months to come, only 15% of the domestic electro firms are expecting their businesses to rise. 61% and 24% reckon with steady or rather declining activities, respectively.

Export expectations sagged in April, too. Here, the balance of firms looking forward to more or less deliveries abroad fell from +9 %-age points to a reading of +2.

German electro and digital industry

– Business cycle figures

year over year, %	2022	2023 March	2023 Jan - Mar
New orders	+10.2%	-9.7%	-0.1%
domestic	+10.0%	-2.7%	+4.0%
foreign	+10.4%	-15.2%	-3.4%
euro zone	+15.3%	-18.2%	-7.5%
non-euro zone	+7.8%	-13.5%	-1.1%
Production, real	+3.5%	+6.3%	+6.6%
Turnover, bn €	224.5 +12.0%	23.0 +16.3%	60.9 +16.0%
domestic, bn €	107.3 +14.2%	11.0 +19.5%	29.5 +19.0%
foreign, bn €	117.2 +10.1%	12.0 +13.7%	31.4 +13.5%
euro zone, bn €	41.6 +8.1%	4.3 +12.3%	11.3 +10.9%
non-euro zone, bn €	75.6 +11.2%	7.7 +14.4%	20.1 +15.0%

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

year over year, %	2022	2023 February	2023 Jan - Feb
Employees, thousand	898.0 ¹⁾ +2.7%	903.5 ¹⁾ +3.1%	902.6 ²⁾ +3.3%
Exports, bn €	245.8 +8.6%	19.8 +8.1%	41.0 +12.7%
Imports, bn €	262.1 +18.4%	21.2 +15.0%	44.8 +16.8%
	2022	2023 March	2023 Jan - Mar
Producer prices	+7.5%	+8.1%	+8.4%
Material prices	+13.0%	+6.7%	+8.3%
Export prices	+7.3%	+5.9%	+6.2%
Import prices	+8.9%	+3.1%	+3.9%
	2022	2023 April	2023 March
Balance of positive and negative answers			
Business climate	+15	+12	+21
- Economic situation	+44	+34	+43
- Expected business for next 6 months	-11	-9	+/-0
Export expectations for next 3 months	+10	+2	+9
Production plans for next 3 months	+22	+/-0	+11
	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

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