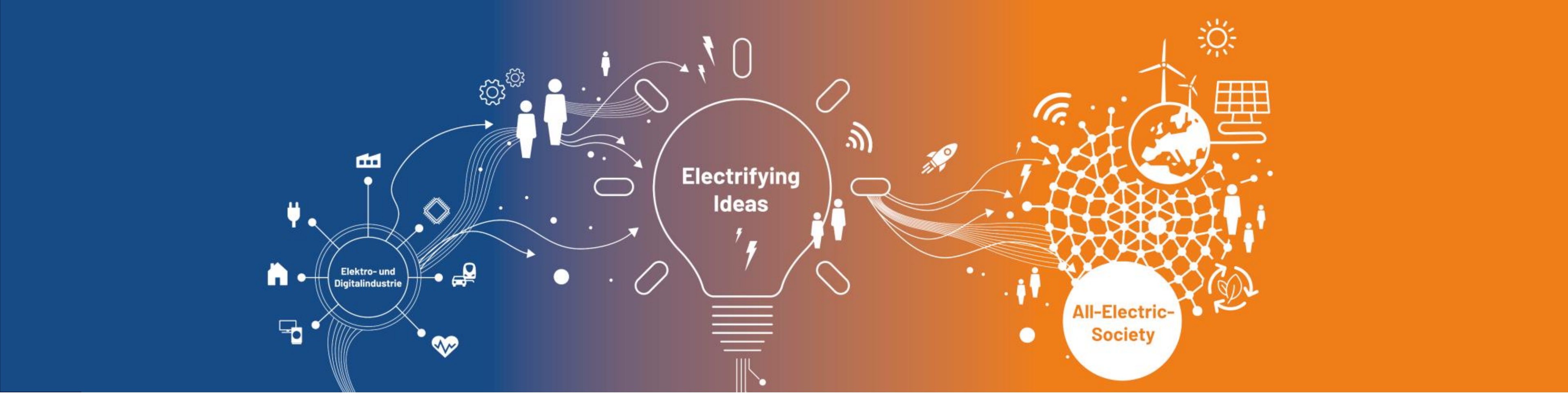
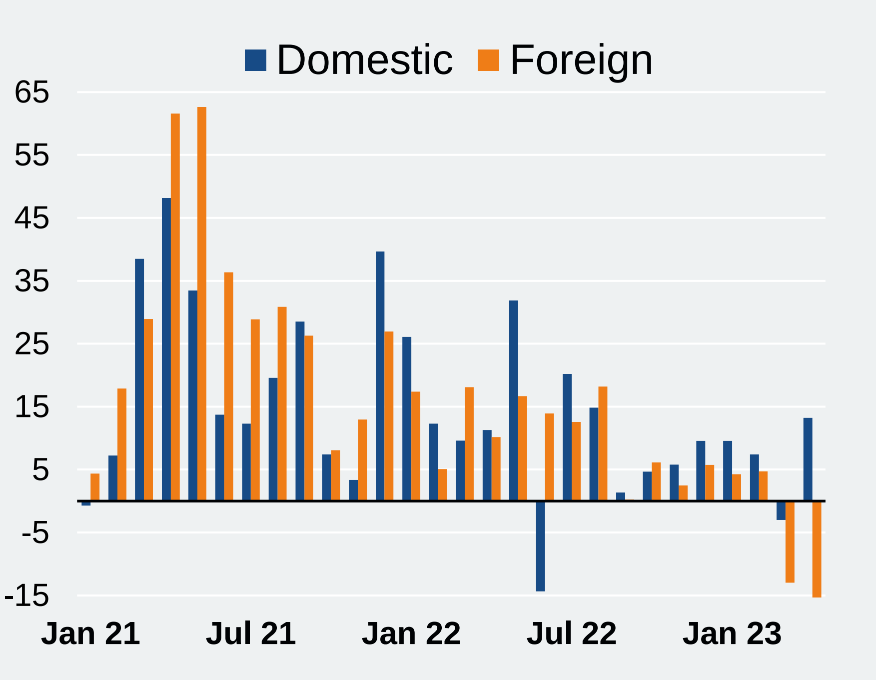


ZVEI Business Cycle Report

– Edition June 2023

German electro and digital industry
– New orders

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

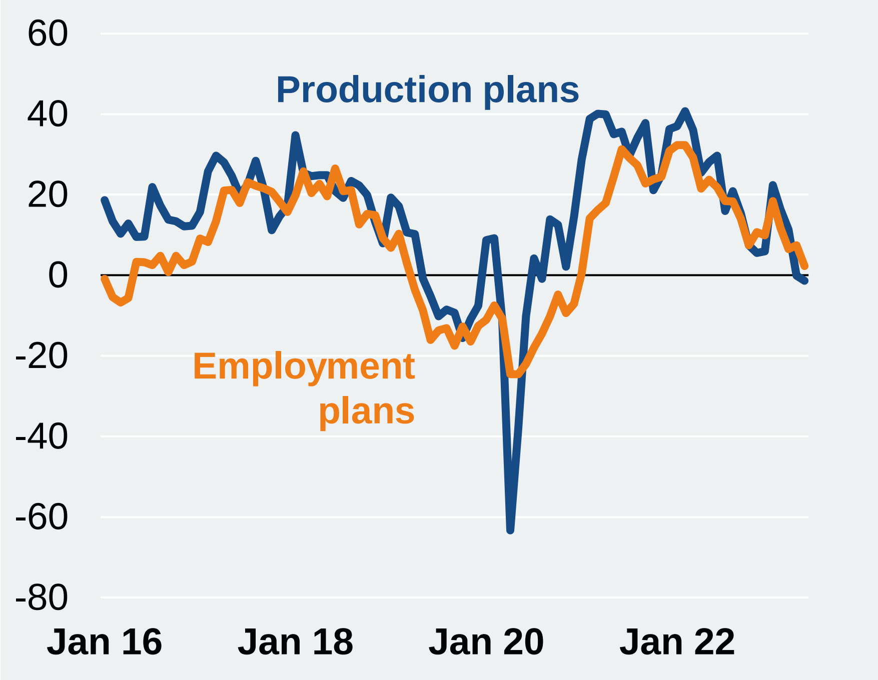
The value of **new orders** in the German electro and digital industry decreased in **April 2023** for the second consecutive month. It was down by 4.1% year over year. In real – i.e., price-adjusted – terms, bookings in April even receded for the fourth month in a row.

While nominal domestic orders managed to rise by 13.2% in April, new orders from abroad shrank by 16.5% compared to the same month last year. Customers from the euro zone and from third countries thereby reduced their orders by 8.7% and 20.5%, respectively.

In the **full first four months of this year** overall bookings failed their pre-year value by 0.8%. Here, new orders from domestic clients picked up by 6.0%, whereas foreigners ordered 5.9% less than a year earlier. Bookings from the euro area fell by 6.9% between January and April, while new orders from third countries were 5.4% down.

German electro and digital industry
– Production and employment

balance (%-age points)



Source: ifo Institute

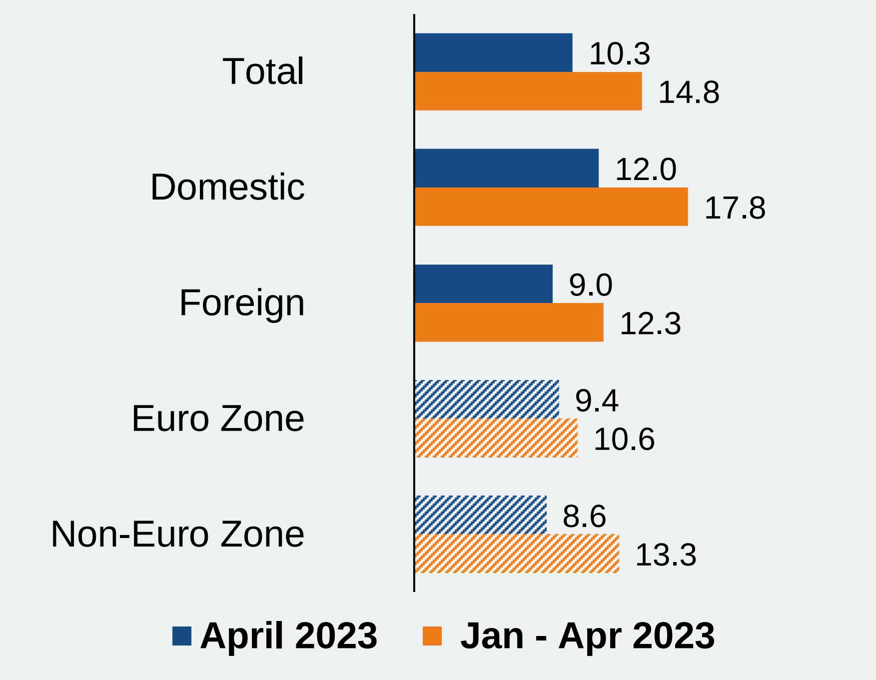
Real production of electrical and electronic products made in Germany advanced by 2.0% (again year-on-year rate) in April 2023. With it, in the first four months of this year the sector's output was 5.8% up compared to the same period in the year before. Meanwhile, last year's growth in production was revised upwards – from 3.5% to 3.7%.

However, the companies continued to revise their **production** and **recruitment plans** downwards in May. The balance of firms intending to raise or rather curb their output in the next three months to come fell into negative territory (see chart). The corresponding reading for hiring plans remained above the zero line.

At the end of the first quarter the **number of employees** in the domestic electro and digital industry stood at 906,000 – a plus of 3.3% compared to a year earlier.

German electro and digital industry
– Turnover

% change on year earlier



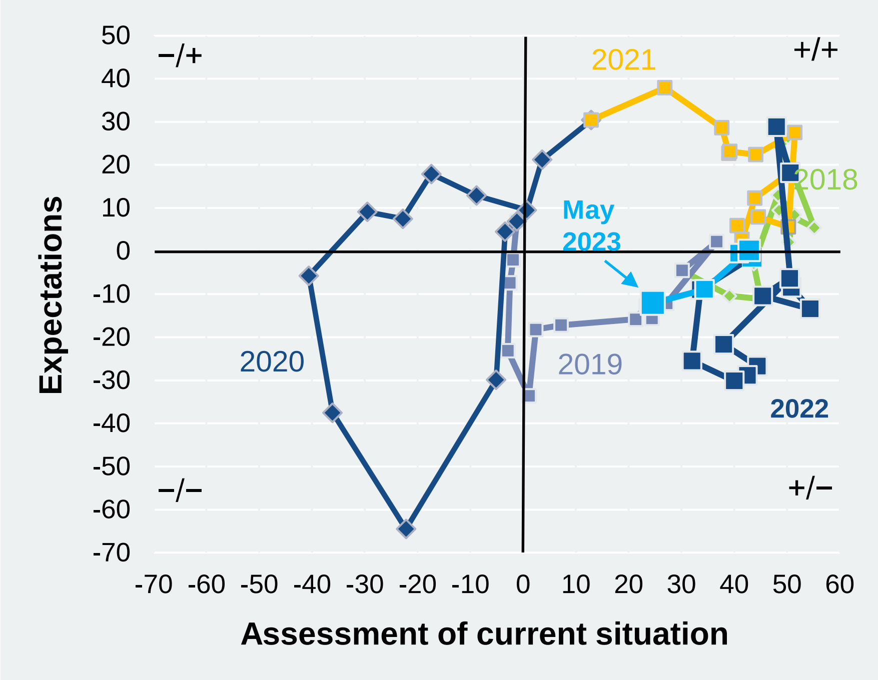
Source: Destatis and ZVEI’s own calculations; allocation of foreign turnover shaded

With €18.0bn the sector’s **aggregated sales** surpassed their pre-year level by 10.3% in **April 2023**. Domestic and foreign turnover increased by 12.0% to €8.7bn and 9.0% to €9.3bn, respectively. Revenues from businesses with euro zone customers picked up by 9.4% to €3.4bn in April. At the same time, sales to clients from third countries outside the common currency area were 8.6% up, reaching €5.9bn.

Accumulated from January through April the domestic electro and digital industry’s turnover came to €79.1bn, leaving it 14.8% higher than the year before. Here, sales to clients within the country advanced by 17.8% to €38.4bn, while businesses with foreigners rose by 12.3% to €40.7bn. Sales to the euro area grew by 10.6% to €14.7bn in the first four months of this year. Eventually, revenues with partners from third countries climbed by 13.3% to €26.0bn.

German electro and digital industry
– Business climate

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



Source: ifo Institute

After its decline in April, the business climate within the German electro and digital industry receded markedly in May, too. Both the companies' assessment of their **current economic situation** as well as their **overall business expectations** changed for the worse.

40% of the sector's firms described their present situation as good in May. 44% and 16% found it stable or rather bad, respectively.

12% of the domestic electro firms are awaiting rising businesses in the next six months to come. But 24% expect a reduction. The rest – i.e., 64% – are looking forward to steady affairs.

Export expectations hardly changed at all in May. Here, the balance of firms reckoning with expanding or contracting deliveries abroad in the next three months remained at +2 %-age points.

German electro and digital industry
– Business cycle figures

zvei electrifying ideas

year over year, %	2022	2023 April	2023 Jan - Apr
New orders	+10.2%	-4.1%	-0.8%
domestic	+10.0%	+13.2%	+6.0%
foreign	+10.4%	-16.5%	-5.9%
euro zone	+15.3%	-8.7%	-6.9%
non-euro zone	+7.8%	-20.5%	-5.4%
Production, real	+3.7%	+2.0%	+5.8%
Turnover, bn €	224.5 +12.0%	18.0 +10.3%	79.1 +14.8%
domestic, bn €	107.3 +14.2%	8.7 +12.0%	38.4 +17.8%
foreign, bn €	117.2 +10.1%	9.3 +9.0%	40.7 +12.3%
euro zone, bn €	41.6 +8.1%	3.4 +9.4%	14.7 +10.6%
non-euro zone, bn €	75.6 +11.2%	5.9 +8.6%	26.0 +13.3%

year over year, %	2022	2023 March	2023 Jan - Mar
Employees, thousand	898.0 1) +2.7%	906.0 1) +3.3%	903.7 2) +3.3%
Exports, bn €	245.8 +8.6%	22.8 +10.2%	64.6 +11.8%
Imports, bn €	262.1 +18.4%	22.8 +11.6%	68.5 +15.0%
	2022	**2023 April**	**2023 Jan - Apr**
Producer prices	+7.5%	+7.1%	+8.1%
Material prices	+13.0%	+4.6%	+7.2%
Export prices	+7.3%	+5.1%	+5.9%
Import prices	+8.9%	+1.7%	+3.3%
Balance of positive and negative answers	**2022**	**2023 May**	**2023 April**
Business climate	+15	+5	+12
- Economic situation	+44	+24	+34
- Expected business for next 6 months	-11	-12	-9
Export expectations for next 3 months	+10	+2	+2
Production plans for next 3 months	+22	-1	+/-0
	2022	**2023 April**	**2023 January**
Capacity utilization	88.2%	85.7%	87.9%
Reach of unfilled orders, in months	5.3	5.2	5.6

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

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