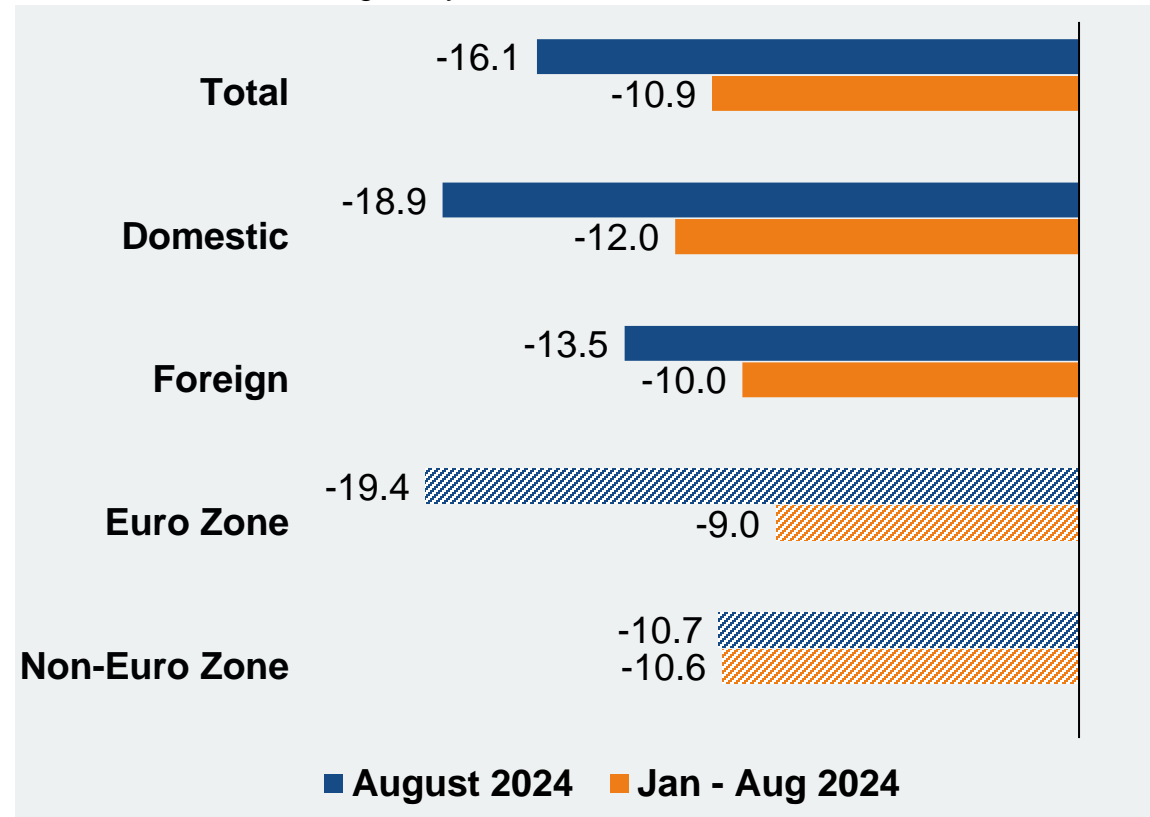


ZVEI Business Cycle Report

– Edition October 2024

German electro and digital industry – New orders

Nominal values, % change on year earlier



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

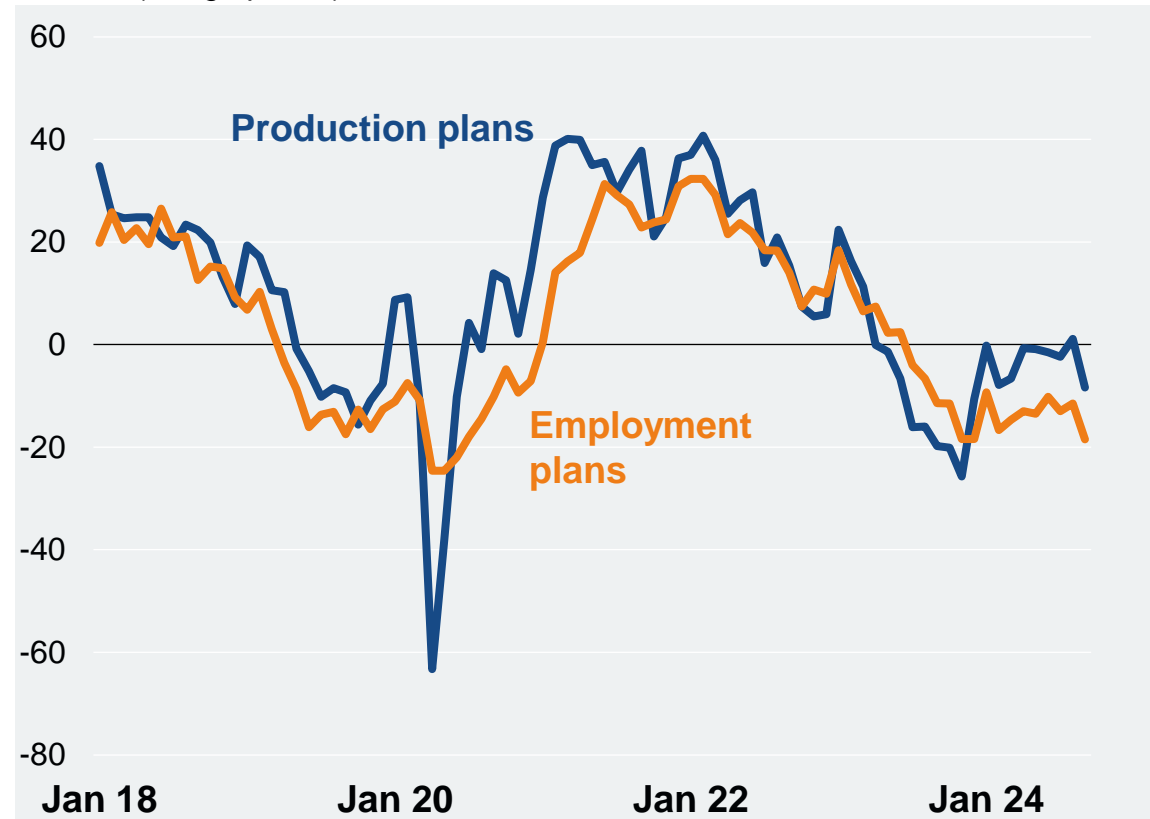
After their interim surge in July, **new orders** in the German electro and digital industry sagged once again in **August 2024**. Overall, they failed their respective pre-year value by 16.1%. Both domestic and foreign bookings fell – the former by 18.9% and the latter by 13.5%. Thereby, new orders from euro zone clients (-19.4%) decreased almost twice as starkly as bookings from third countries (-10.7%).

Taking the **first eight months of this year** together, the value of new orders in our sector fell by 10.9% (again year-on-year rate). Here, domestic and foreign bookings receded by 12.0% and 10.0%, respectively.

Business partners from the euro area reduced their bookings by 9.0% (year over year) between January and August. New orders from foreign customers outside the common currency union were 10.6% down.

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

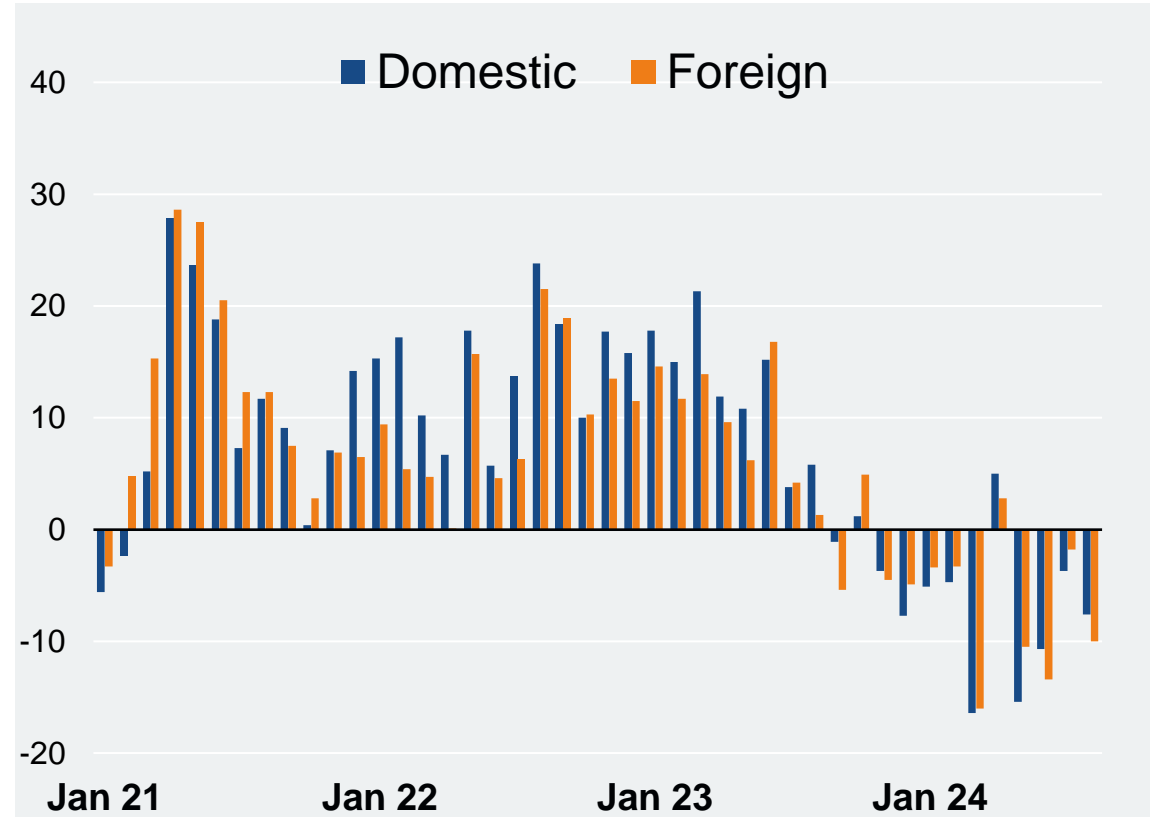
The sector's **real production** – i.e., output of electrical and electronic products made in Germany adjusted for price – was down once again in **August 2024**. It sagged by 13.0% (year-on-year). Thus, in the full **first eight months** of this year our firms' combined output missed its pre-year level by 9.7%.

After their light recovery in August, both the companies' **production** and **employment plans** once again fell markedly in **September 2024**. In detail, the balance of firms intending to increase or rather decrease their output in the next three months ahead sagged from +1 to -8 %-age points. Concerning recruiting plans, here the corresponding figure deteriorated from a reading of -12 to -19.

At last, the **number of employees** within the German electro and digital industry still stood at 895,000. Thereof, 34,800 are working on short time at present.

German electro and digital industry – Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

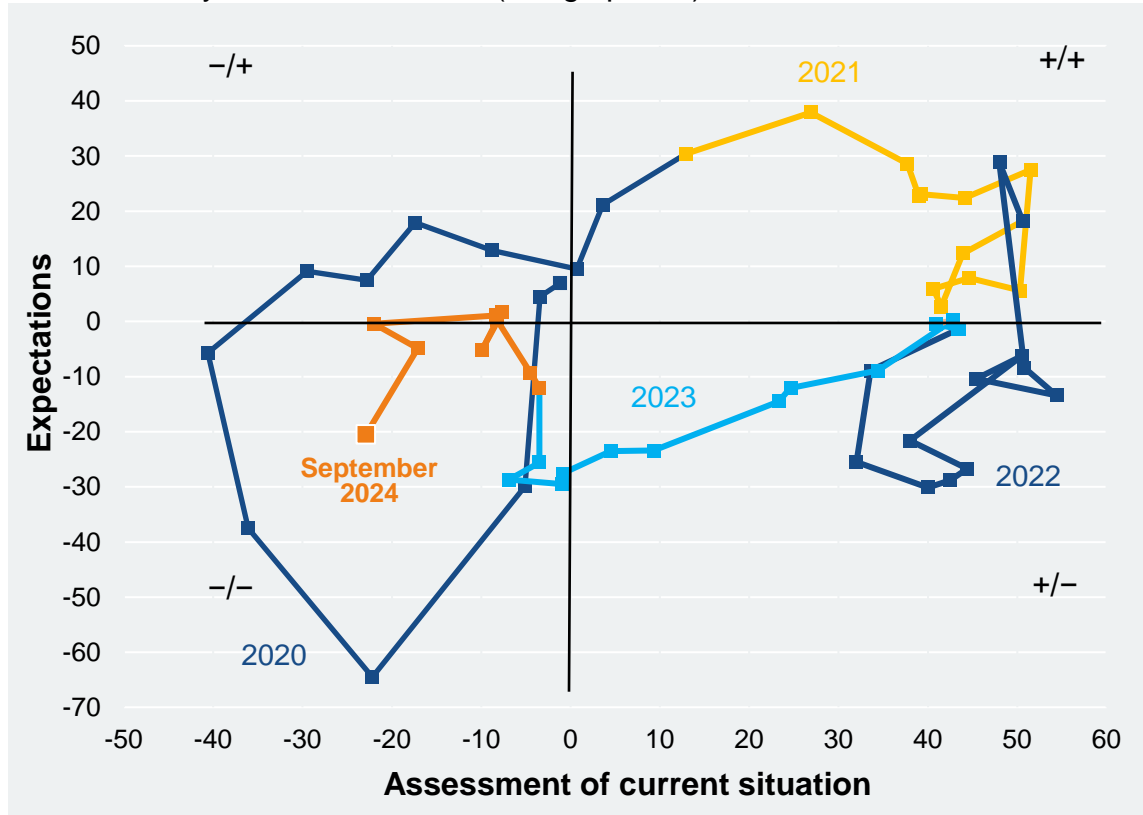
With €18.0bn, **nominal sales** of the domestic electro and digital industry missed their pre-year value by 8.9% in **August 2024**. Domestic and foreign turnover, thereby, receded by 7.6% to €8.8bn and 10.0% to €9.2bn, respectively. Revenues from businesses with euro zone customers came to €3.1bn (-10.9%) in August, while sales to third countries were twice as high (-9.6% to €6.1bn).

In the full period from **January through August of this year** the sector's aggregated turnover reached €146.4bn, leaving it 7.6% lower than a year earlier. In the same period, **producer prices** of electrical and electronic products came in 1.7% higher than in the first eight months of 2023.

Of total turnover from January through August, €70.2bn were distributed to domestic sales and, therewith, 7.8% less than the year before. Foreign sales more or less sagged by the same rate – namely by 7.4% to €76.2bn. Finally, revenues with clients from the euro area and with partners from third countries declined by 7.1% (to €27.3bn) and 7.6% (to €48.9bn), respectively.

German electro and digital industry – Business climate

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



Source: ifo Institute

The **business climate** in the German electro and digital industry suffered a serious setback in **September 2024**. In particular, the companies' overall **business expectations** fell sharply. But their assessment of the **current economic situation** was weaker than in August, too. With it, the climate indicator once again descended deeper into negative territory.

17% of our sector's firms described their present situation as good in September. 43% and 40% found it stable or rather bad, respectively.

With regard to the next six months to come, merely 9% of the domestic electro companies still await rising businesses. 61% reckon with steady affairs, while 30% see declining activities ahead.

Export expectations likewise were on the decline in September. Here, the balance of firms planning with more or rather less deliveries abroad in the next three months to come decreased from -2 to -5 %-age points.

German electro and digital industry

– Business cycle figures

year over year, %	2023	2024 August	2024 Jan - Aug
New orders	-1.7%	-16.1%	-10.9%
domestic	+3.3%	-18.9%	-12.0%
foreign	-5.7%	-13.5%	-10.0%
euro zone	-9.2%	-19.4%	-9.0%
non-euro zone	-3.7%	-10.7%	-10.6%
Production, real	+0.1%	-13.0%	-9.7%
Turnover, bn €	237.9 +6.0%	18.0 -8.9%	146.4 -7.6%
domestic, bn €	114.6 +6.8%	8.8 -7.6%	70.2 -7.8%
foreign, bn €	123.3 +5.3%	9.2 -10.0%	76.2 -7.4%
euro zone, bn €	44.0 +5.9%	3.1 -10.9%	27.3 -7.1%
non-euro zone, bn €	79.3 +4.9%	6.1 -9.6%	48.9 -7.6%

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

year over year, %	2023	2024 July	2024 Jan - July
Employees, thousand	907.9 ¹⁾ +1.1%	895.4 ¹⁾ -1.2%	898.7 ²⁾ -0.5%
Exports, bn €	253.8 +2.7%	19.8 +2.1%	143.9 -2.9%
Imports, bn €	268.7 +2.1%	20.3 ±0,0%	145.5 -7.9%
	2023	2024 August	2024 Jan - Aug
Producer prices	+5.8%	+1.5%	+1.7%
Material prices	+3.8%	+0.9%	+0.4%
Export prices	+3.5%	+0.5%	+0.9%
Import prices	+0.4%	-1.7%	-2.1%
Balance of positive and negative answers	2023	2024 September	2024 August
Business climate	±0	-22	-11
- Economic situation	+18	-23	-17
- Expected business for next 6 months	-16	-21	-5
Export expectations for next 3 months	-2	-5	-2
Production plans for next 3 months	-6	-8	+1
	2023	2024 July	2024 April
Capacity utilization	85.0%	75.6%	80.5%
Reach of unfilled orders, in months	5.1	4.2	4.2

Contact

Dr Andreas Gontermann

Chief Economist, Head of
Economic Policies and Statistics

 +49 69 6302-273

 andreas.gontermann@zvei.org

Marcus Röckl

Manager
Economic Policies and Statistics

 +49 69 6302-406

 marcus.roeckl@zvei.org

ZVEI e. V.

Electro and Digital Industry Association
Lyoner Straße 9, 60528 Frankfurt am Main
www.zvei.org

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