

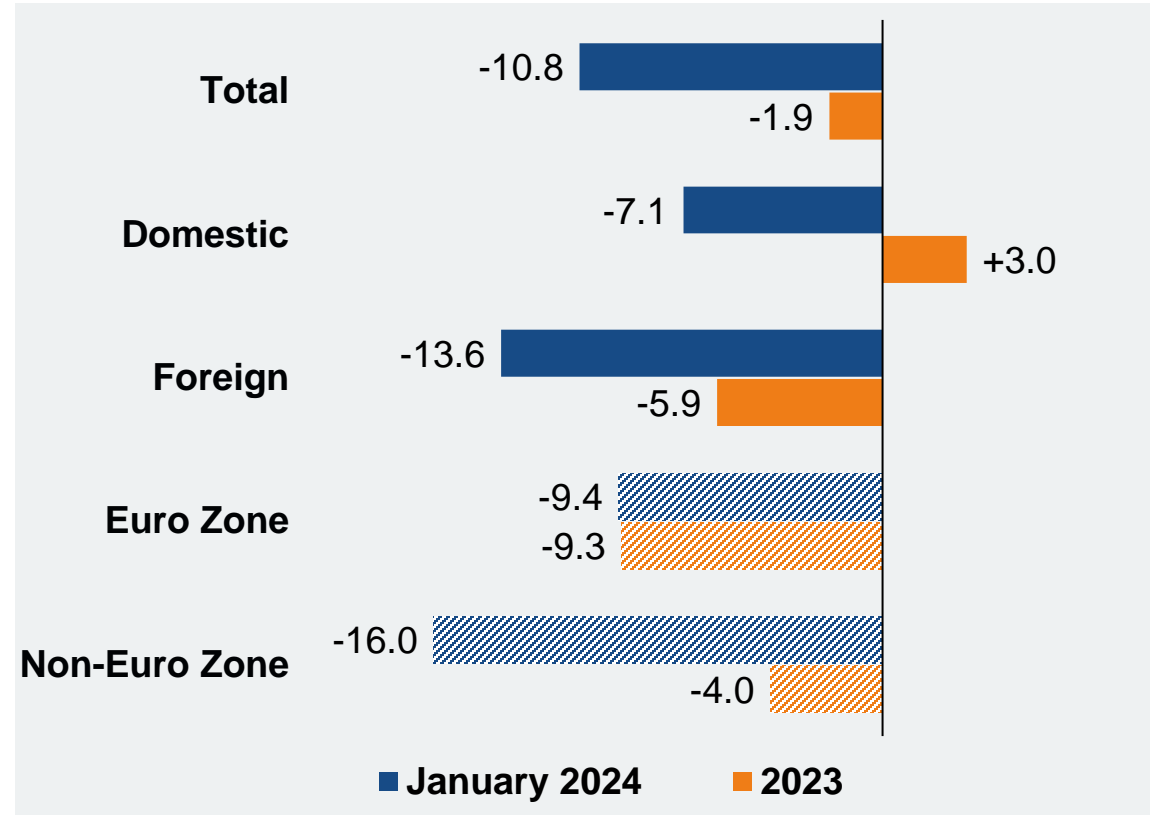
ZVEI Business Cycle Report

– Edition March 2024

German electro and digital industry

– New orders

% change on year earlier



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

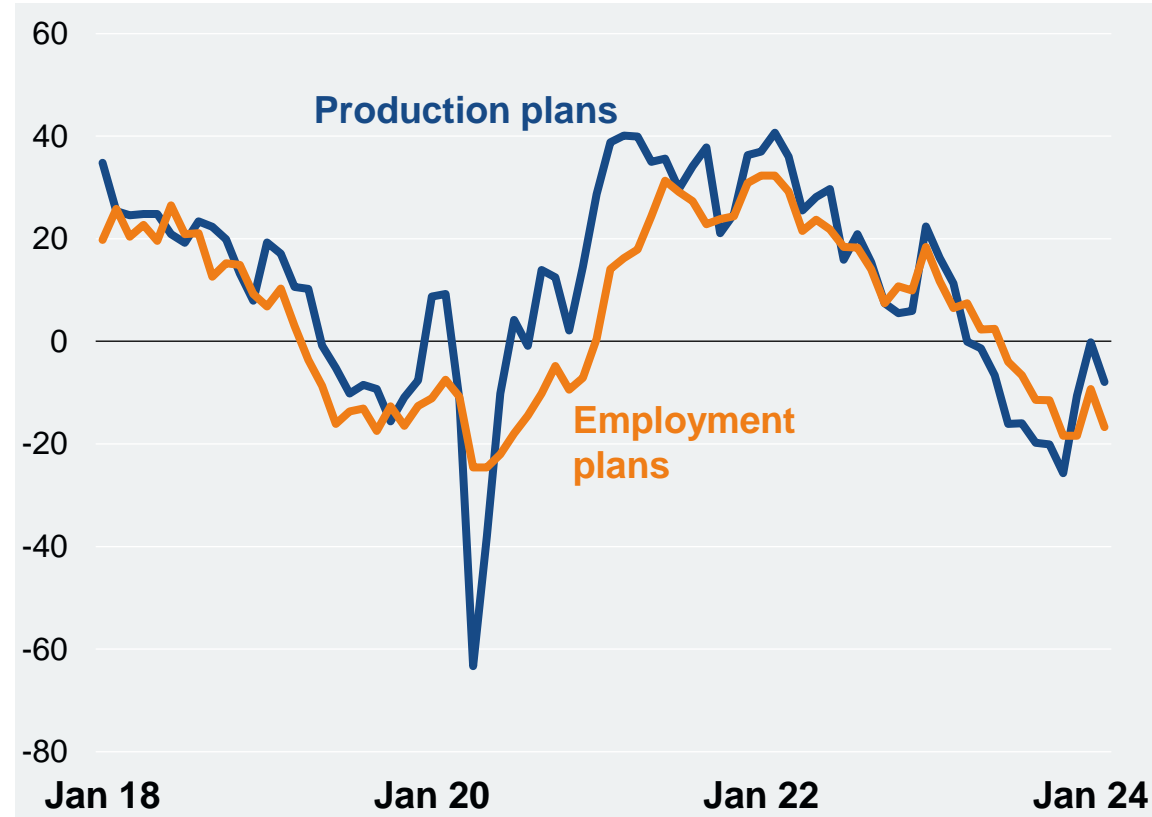
The German electro and digital industry got started with a huge decline in **new orders** into the year 2024. I.e., bookings failed their respective pre-year level by 10.8% in **January**.

While domestic orders decreased by 7.1%, new orders from abroad were down almost twice as starkly, namely by 13.6%. With it, incoming orders from euro zone clients and from customers outside the common currency area sagged by 9.4% and 16.0%, respectively.

Meanwhile, the **development in new orders in the full past year 2023** has been revised upwards somewhat by Destatis. Instead of minus 2.2% a decline by 1.9% is now recorded. Domestic bookings managed to rise by 3.0% last year. In contrast, foreign orders were 5.9% down (euro area: -9.3%, non-euro area: -4.0%).

German electro and digital industry – Production and employment

balance (%-age points)



Source: ifo Institute

Real production – i.e., output adjusted for price – of electrical and electronic products in Germany has failed its (admittedly high) pre-year level by 5.0% in **January 2024**.

Due to a switch to a new base year (now 2021) in Destatis' reporting and, therewith, to an adapted weighting pattern meanwhile merely a stagnation in the sector's aggregated output is recorded for the full last year 2023 (instead of +0.4% so far).

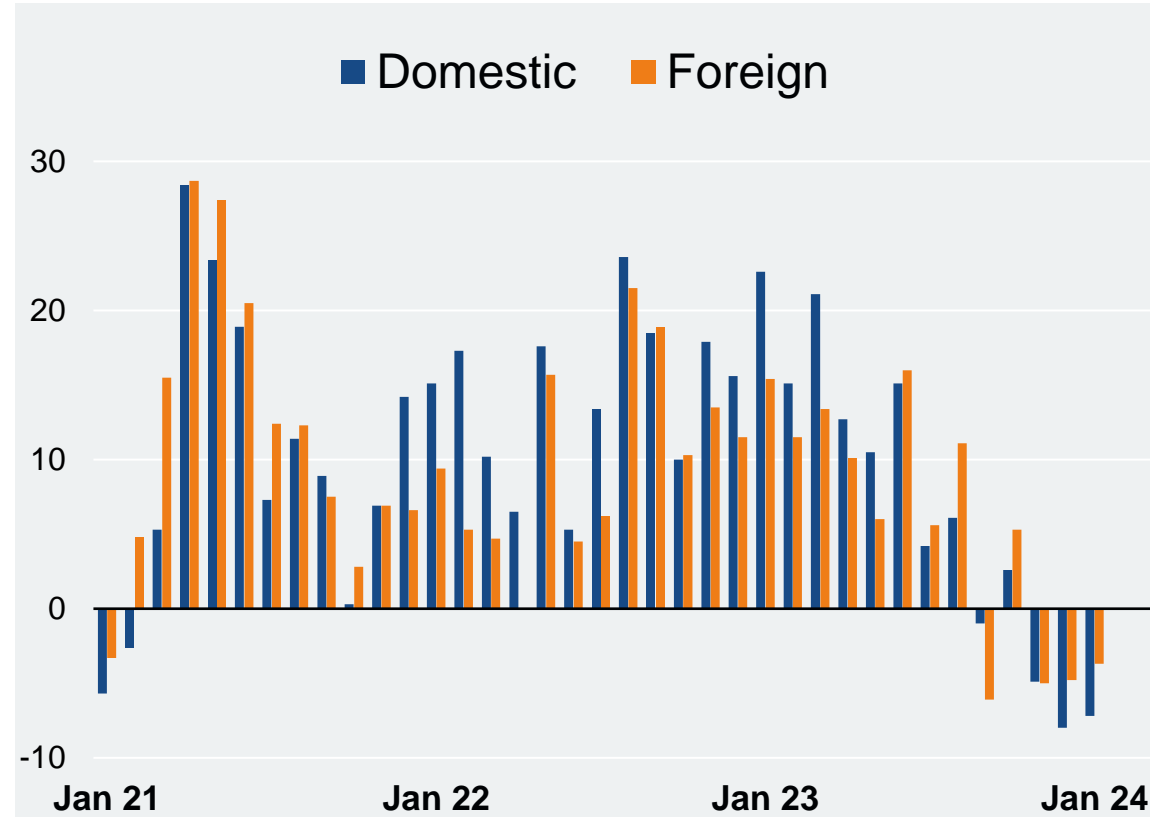
The electro companies' **production plans** were revised downwards in **February 2024**. The balance of firms intending to raise or rather curb their output level in the next three months to come sank from zero to -8 %-age points.

Recruiting plans were down, too. Here, the corresponding balance fell from -9 to a reading of -17.

The **number of employees** within the German electro and digital industry came to 908,000 at last. Hence, it was at its highest level since 1995.

German electro and digital industry – Turnover

Nominal values, % change on year earlier



Source: Destatis and ZVEI's own calculations

With €17,7bn, overall **nominal sales** of the domestic electro and digital industry were down 5.4% in **January 2024** (compared to the same month in the preceding year). With it, turnover with domestic and foreign customers came to €8.6bn (-7.2%) and €9.1bn (-3.7%), respectively.

While sales to business partners from the euro zone grew by 2.3% (year over year) to €3.5bn in January, turnover with customers from outside the common currency area fell by 7.1% to €5.6bn.

Remember that our sector's aggregated sales had risen by 6.6% to a **new record value of €239.4bn last year**. But also note that a 5.8% pick-up in **producer prices** was included here.

Domestic businesses rose to a value of €115.1bn (+7.3%) in 2023. Concurrently, sales to foreign clients (of €124.3bn) were 6.1% up. Eventually, the performance in sales to euro zone and non-euro zone customers was quite similar last year. The former increased by 5.9% to €44.1bn and the latter by 6.1% to €80.2bn.

German electro and digital industry

– Business climate

balance (%-age points)



Source: ifo Institute

The **business climate** in the German electro and digital industry has changed for the better in February 2024, too. It has been the third increase in a row. While the firms' assessment of their **present economic situation** was down somewhat compared to January, their **overall business expectations** moved forward.

25% of the sector's companies described their current situation as good in February. At the same time, 45% found it stable and 30% rather bad.

Regarding the next six months to come, 16% of the sector's firms are awaiting rising businesses. 59% reckon with steady affairs, and 25% see declining activities ahead.

Export expectations likewise advanced for the third consecutive months in February. Here, the balance of companies looking forward to increasing or rather decreasing deliveries abroad in the coming next three months picked up from zero to plus four %-age points now.

German electro and digital industry

– Business cycle figures

year over year, %	2023	2024 January	2024 Jan - Jan
New orders	-2.2%	-10.8%	-10.8%
domestic	+2.6%	-7.1%	-7.1%
foreign	-6.1%	-13.6%	-13.6%
euro zone	-9.3%	-9.4%	-9.4%
non-euro zone	-4.2%	-16.0%	-16.0%
Production, real	+/-0.0%	-5.0%	-5.0%
Turnover, bn €	239.4 +6.6%	17.7 -5.4%	17.7 -5.4%
domestic, bn €	115.1 +7.3%	8.6 -7.2%	8.6 -7.2%
foreign, bn €	124.3 +6.1%	9.1 -3.7%	9.1 -3.7%
euro zone, bn €	44.1 +5.9%	3.5 +2.3%	3.5 +2.3%
non-euro zone, bn €	80.2 +6.1%	5.6 -7.1%	5.6 -7.1%

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

year over year, %	2022	2023 December	2023 Jan - Dec
Employees, thousand	898.0 ¹⁾ +2.7%	908.0 ¹⁾ +1.1%	907.2 ²⁾ +2.5%
Exports, bn €	247.1 +9.2%	18.1 -9.3%	253.8 +2.7%
Imports, bn €	263.1 +18.9%	18.5 -13.1%	268.7 +2.1%
	2023	2024 January	2024 Jan - Jan
Producer prices	+5.8%	+2.3%	+2.3%
Material prices	+2.9%	+0.1%	+0.1%
Export prices	+4.1%	---	---
Import prices	+0.8%	---	---
Balance of positive and negative answers	2023	2024 February	2024 January
Business climate	+/-0	-7	-8
- Economic situation	+18	-5	-4
- Expected business for next 6 months	-16	-9	-12
Export expectations for next 3 months	-2	+4	+/-0
Production plans for next 3 months	-6	-8	+/-0
	2023	2024 January	2023 October
Capacity utilization	85.0%	80.5%	81.8%
Reach of unfilled orders, in months	5.1	4.1	4.8

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