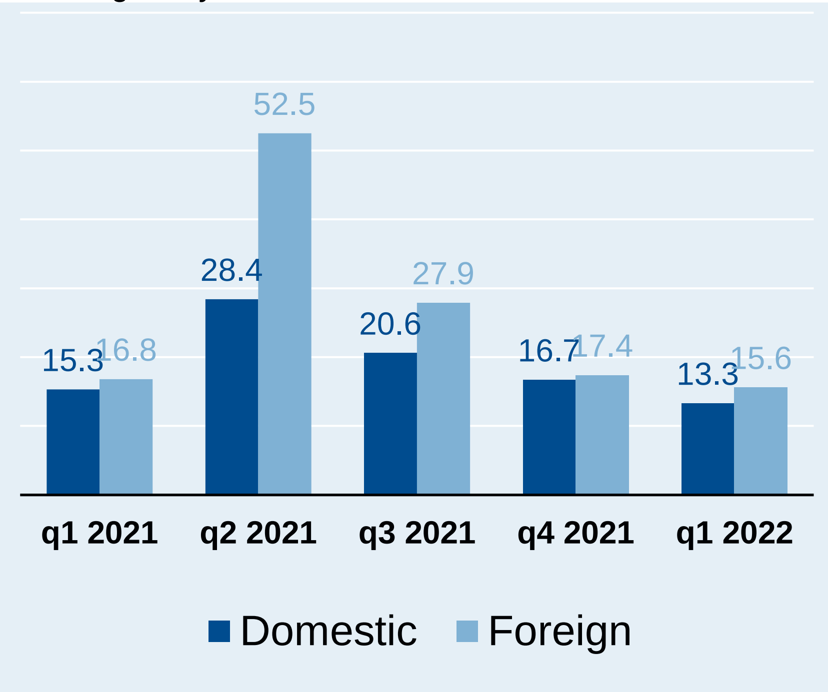
ZVEI Business Cycle Report

Edition May 2022

ZVEI e.V. − Electro and Digital Industry Association

German electro and digital industry
– New orders

% change on year earlier



Source: Destatis and ZVEI's own calculations

Not least because of bulk, orders the German electro and digital industry once again received 13.9% more new orders in March 2022 than a year earlier.

Domestic bookings were 6.0% up, whereas new orders from abroad soared more than thrice as strongly (+20.3%). Euro zone customers thereby raised their bookings by 40.0%. New orders from third countries exceeded their pre-year level by 10.5% in March.

With it, for the full first quarter of 2022 an increase in new orders by 14.6% (again year over year) is recorded in the books. Here domestic bookings picked up by almost one-seventh (+13.3%) and foreign bookings by about one-sixth (+15.6%). New orders from the euro area and from third countries rose by 24.8% and 10.6% in the first three months of this year, respectively.

German electro and digital industry

− Production, capacity utilization, reach of orders, obstacles

… % of firms reporting obstacles to manufacturing due to …

Source: ifo Institute

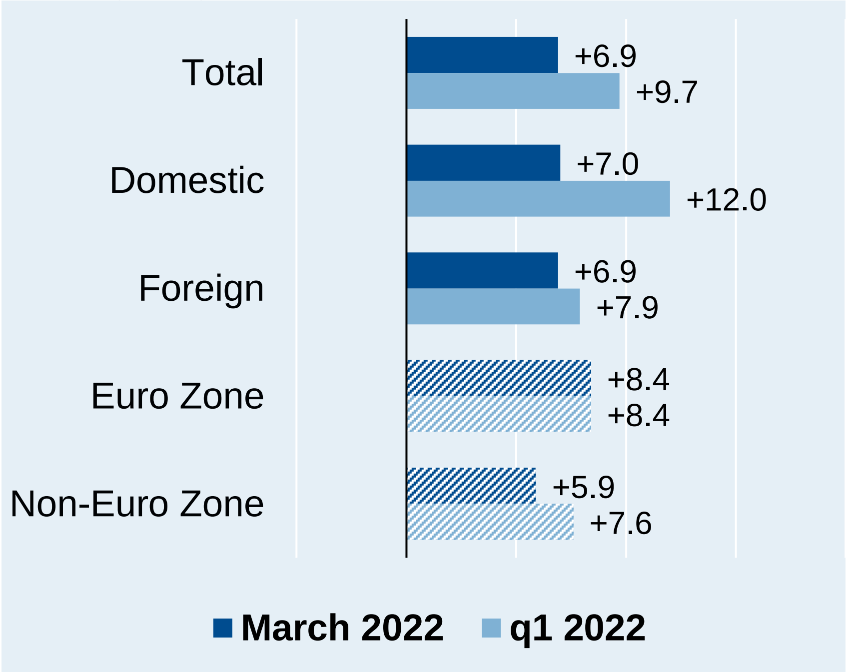
Production (adjusted for price) of electrical and electronic products moved forward only slowly in March. Overall, it was up by 1.1% (year-on-year rate). Accumulated from January through March the sector's output surpassed its pre-year level by 2.9%.

The capacity utilization ratio in the sector came to 87.9% at the beginning of the second quarter of 2022. Therewith, it was slightly lower than three months earlier (88.5%). At the same time, the reach of unfilled orders increased from 4.8 to an all-time high of 5.7 (production) months.

Only 8% of the companies complain about too few orders. By contrast, 89% are affected by supply bottlenecks (i.e., material shortages, logistical problems and so on) – more than ever before. Accordingly, the firms revised their production plans downwards recently. On balance, however, these remain positive. Eventually, 47% have a shortage of skilled workers.

German electro and digital industry – Turnover

% change on year earlier



Source: Destatis and ZVEI's own calculations

Sales of the domestic electro and digital industry came to €19.7bn in March 2022, leaving them 6.9% higher than in the year before. Revenues from businesses with domestic (+7.0% to €8.9bn) and foreign clients (+6.9% to €10.8bn) thereby advanced with the same speed.

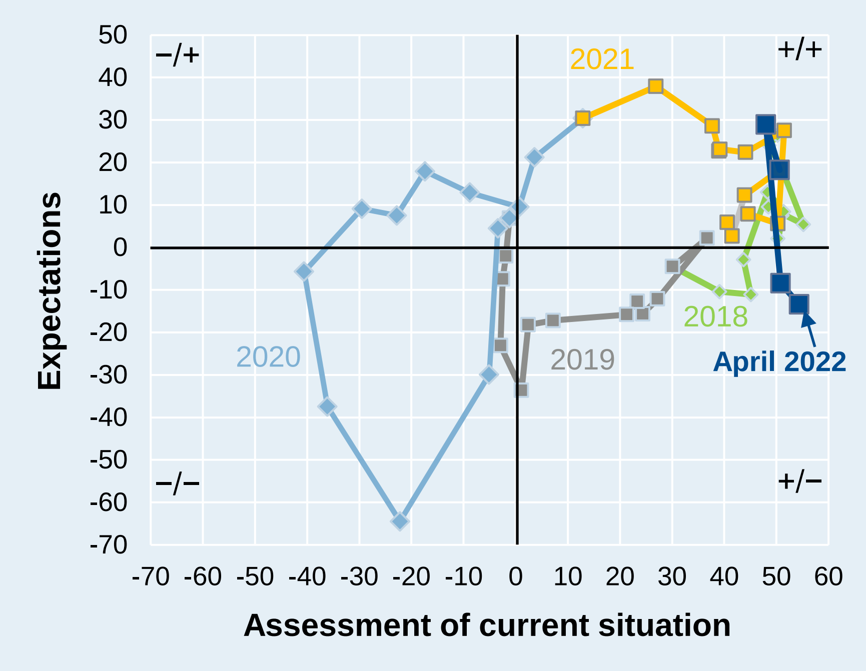
Turnover with euro zone customers grew by 8.4% to €4.1bn in March and, therewith, expanded somewhat more strongly than sales to clients from third countries (+5.9% to €6.7bn).

In the entire first quarter of this year the sector's aggregated revenues increased by 9.7% (yoy) to €52.5bn. Here sales to foreigners (+7.9% to €28.1bn) exceeded domestic businesses (+12.0% to €24.4bn) by almost four billion euro.

Sales to the euro area and to third countries picked up by 8.4% to €10.6bn and 7.6% to €17.5bn between January and March, respectively.

German electro and digital industry
– Business climate

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



Source: ifo Institute

After the sharp correction in March the business climate in the German electro and digital industry has weakened in April of this year, too. Although the current situation was assessed better than in the previous month, the firms' general business expectations sagged further.

60% of the sector's companies described their current economic situation as good in April. At the same time, 34% and 6% found it stable or rather bad, respectively.

Regarding the next six months to come, 11% of the firms still expect their businesses to expand. 64% await that activities will remain the same, while 25% see a slowdown coming.

Export expectations have recovered somewhat in April. Here the balance of companies looking forward to rising or rather falling exports in the next three months to come picked up by three %-age points to a reading of +13 compared to March.

German electro and digital industry: Business cycle figures

year over year, %	2021	2022 March	2022 Jan - Mar
New orders	+23.8%	+13.9%	+14.6%
domestic	+20.0%	+6.0%	+13.3%
foreign	+27.0%	+20.3%	+15.6%
euro zone	+23.0%	+40.0%	+24.8%
non-euro zone	+29.3%	+10.5%	+10.6%
Production, real	+9.0%	+1.1%	+2.9%
Turnover, bn €	200.4 +10.2%	19.7 +6.9%	52.5 +9.7%
domestic, bn €	94.0 +9.1%	8.9 +7.0%	24.4 +12.0%
foreign, bn €	106.4 +11.2%	10.8 +6.9%	28.1 +7.9%
euro zone, bn €	38.5 +10.5%	4.1 +8.4%	10.6 +8.4%
non-euro zone, bn €	67.9 +11.6%	6.7 +5.9%	17.5 +7.6%

year over year, %	2021	2022 February	2022 Jan - Feb
Employees, thousand	874.1 [1)] +0.3%	878.4 [1)] +2.1%	876.2 [2)] +1.8%
Exports, bn €	224.6 +10.2%	18.4 +6.6%	36.1 +5.1%
Imports, bn €	221.7 +14.9%	18.4 +15.8%	38.4 +14.0%
	2021	**2022 March**	**2022 Jan - Mar**
Producer prices Material prices Export prices Import prices	+1.5% +5.1% +0.9% +0.6%	+6.4% +13.2% +6.7% +9.7%	+5.8% +12.1% +6.0% +9.1%
Balance of positive and negative answers	**2021**	**2022 April**	**2022 March**
Business climate - Economic situation - Expected business for next 6 months Export expectations for next 3 months Production plans for next 3 months	+29 +39 +19 +27 +34	+18 +54 -13 +13 +25	+19 +51 -8 +10 +36
	2021	**2022 April**	**2022 January**
Capacity utilization Reach of unfilled orders, in months	86.6% 4.1	87.9% 5.7	88.5% 4.8

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

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