

The NewsLine

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MACROECONOMICS

FINANCIAL MARKETS



ECONOMIC POLICY

SECTORS

GERMANY

No all-clear for German industry

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Good news for Germany's industrial outlook: New orders in the manufacturing sector rose in April by a seasonally adjusted 0.3% compared to the previous month, meanwhile the value for the month of March was corrected upwards slightly (0.8%). Excluding bulk orders, the increase was even significantly stronger (2.1%). However, the new figures are not more than a ray of light. The tentative trend reversal in foreign demand could quickly vanish into thin air again in view of the recent intensification in the US-China trade dispute, and there are initial signs that the weakness in industry is also increasingly weighing on German domestic demand. Overall, we continue to expect German GDP growth to come in at 1% in 2019.

Good news for German industry. In April 2019, the price-adjusted new order intake in the manufacturing sector was 0.3 % higher than in the previous month (seasonally and calendar-adjusted). In addition, the March figure was corrected slightly upwards to 0.8%. Excluding bulk orders, new orders in the manufacturing sector even recorded a solid plus of 2.1% in April.

However, the new figures are not more than a ray of light. Positive impetus is coming in particular from abroad. New foreign orders rose by 1.1% in April, despite a strong decline from the eurozone (-5.8%). However, the still timid trend reversal in foreign demand could quickly vanish into thin air again in view of the recent intensification in the US-China trade dispute. In addition, there are initial signs that the weakness in the domestic economy is increasingly weighing on German domestic demand. Domestic orders fell again

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in April (0.8%). Since the beginning of the year, the decline has been around 7%. Overall, we continue to expect German GDP growth to come in at 1% in 2019.

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