# Germany: Another cold shower

German new orders disappoint again in April, casting another shadow on the strength of the recovery

Ouch, this one hurts. German industrial orders continued their nosedive in April, dropping for the fourth month in a row. The last time German new orders dropped four consecutive months was in late-2012. Industrial orders fell by 2.5% month on month, from -1.1% MoM in March. On the year, new orders remained flat. The biggest drop came from domestic orders.

Normally, an increase in new orders after three consecutive drops looks as safe a bet as predicting tomorrow's sunrise. However, it seems that today the sun did not rise for German industry. It will get harder and harder to explain these monthly drops with one-offs like the weather or the timing of holidays. In fact, evidence is piling up that the soft patch at the start of the year has been more serious than previously thought.

For the time being, we remain cautiously positive. In absolute terms, order books are still richly filled, assured production is high and inventories have been reduced recently. All boding well for industrial activity in the coming months. However, today's disappointing new orders reading sends a clear warning that nothing should be taken for granted.

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