

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.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.