

German industrial orders in April point to continued cyclical recovery of industry

April was another good month for German industry. The increase in order books suggests the cyclical recovery of German industry continues



German industrial orders increased by 0.6% month-on-month in April, from 3.4% MoM in March, suggesting that the cyclical turning in industry is currently more than just trade-driven frontloading. On the year, orders were up by 4.8%.

Improving order books point to continued cyclical recovery

The unexpectedly strong performance of the German economy in the first quarter was largely driven by frontloading of exports to the US and the associated boost in industrial production. This frontloading was also reflected in the sharp increase in foreign industrial orders in the first months of the year. While domestic orders remained basically flat, foreign orders increased by more than 4%. April data now shows a bit of a countermovement without entirely reversing the trend of a cyclical rebound. Foreign orders dropped by 0.3% MoM in April, while domestic orders increased by more than 2%. While orders from other eurozone countries increased by 0.5% MoM, orders from outside the eurozone dropped by almost 1%.

Today's industrial orders data is the first hard industrial data illustrating the potential impact of Donald Trump's 'Liberation Day' on German industry. At least for now, the feared full reversal of the frontloading effect of the first quarter has not materialised. Instead, it looks as if the turning of the German industrial cycle is continuing.

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