

## German industrial orders collapse in October

A drastic order book collapse over the summer does not bode well for the medium-term outlook for industry



German industrial orders collapsed again, fuelling a very rapid reduction in order books. Industrial orders dropped by 6.9% month-on-month in October, from a 1.8% MoM increase in September. On the year, industrial orders were down by 1%. While domestic orders increased by 3.4% MoM, foreign orders dropped by 13.1% MoM, according to the statistical agency, mainly driven by bulk orders in the manufacturing sector.

In any case, today's industrial orders data is a cold shower for German industry. When the global economy came out of the 2020/21 winter lockdown, German industrial orders jumped to unprecedented levels, growing on average by more than 2% per month. At the end of the summer, however, orders collapsed and dropped by more than 12% between July and October. The sharp collapse over the summer is increasingly leaving its mark on industry - a reflection perhaps of ongoing supply chain frictions and companies simply delaying new orders or, worse, cancelling orders, knowing that delivery times are long anyway.

For the time being, order books are still well filled and every improvement in supply chains should lead to an immediate boost in industrial production. However, the summer collapse of industrial

orders does not bode well for the medium-term outlook for industrial production.

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