

German new orders and retail sales data confirm picture of light winter recession

November retail sales and industrial orders data confirm our view of a light winter recession in Germany



Germany has struggled with weak manufacturing this year but it's not alone

Industrial orders plummeted by 5.4% month-on-month in November, from -1.5% MoM in October. On the year, orders were down by some 2%. At the same time, retail sales poured cold water on hopes of a consumption revival, dropping by 0.6% MoM, from -0.5% MoM in October.

Despite some tentative bottoming out over the summer, industrial order books further weakened in 2024, dropping by an average of 1% MoM every month since January. These weak order books, combined with still high inventories, do not bode well for industrial production over the coming months – even if bulk orders have blurred the numbers in recent months.

In fact, notwithstanding some more technical rebounds, there is still no trend reversal in sight for the German industry. It's bottoming out at best. At the same time, disappointing retail sales suggest that the rebound in private consumption in the third quarter is unlikely to continue in the fourth quarter. Unless Christmas shopping brings a positive surprise, private consumption is set to drop, and ongoing political and policy uncertainty combined with re-accelerating inflation make any substantial rebound in consumption unlikely.

This morning's macro data shows the weakness of the German economy in November and confirms our view of a light winter recession.

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