Slight uptick in German industrial orders in October

Industrial orders rebounded slightly in October, on the back of strong bulk orders. However, Germany's descent into an industrial recession continues

German industrial orders rebounded somewhat in October but were unable to reverse the negative trend. After the sharp fall in August and September, industrial orders increased by a meagre 0.8% month-on-month in October, from -2.9% MoM in September. Excluding bulk orders, industrial orders would have dropped by 1.2%. Over the year, industrial orders were down by almost 3.2%. Since the start of the year, German order books have shrunk by almost 15% and have fallen in seven out of ten months.

Despite the ongoing order deflation, order books are still filled and the reported backlog is high. Supply chain frictions are still disrupting industrial production. According to a recent Ifo survey, more than half of all German industrial companies are still affected by supply chain problems. In recent weeks, there had been some encouraging signals from the German and European economies, suggesting that the recession might be less severe than many had thought. The jury is obviously still out but the collapse in German industrial orders is one important signal that shows that the long slide into (industrial) recession continues.

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