

Germany: Industrial orders take a break

April industrial orders data point to a temporary halt in industry's rebound. A delay not a derailment.



After the very disappointing start to the second quarter, with retail sales dropping by 5.5% month-on-month in April, the second hard data point for the quarter suggests that the expected rebound of the German economy has been slower than expected. Industrial orders dropped by a mere 0.2% month-on-month in April, from a strongly upwardly revised 3.9% in March. This was only the second monthly drop since April last year, and it was a very small one. On the year, industrial orders were up by almost 80%.

There are several possible explanations for the April stagnation in industrial orders: these start with bulk orders - industrial orders were up by 1.5% when excluding these bulk orders. Also, it could be due to the impact from ongoing supply chain disruptions, notably the Suez Canal blockage in early April or simply a temporary glitch after a strong rebound over the last year. In our view, probably all of these three explanations are relevant, at least to some extent. What is important is the fact that they are all temporary and that the rebound in German industry is set to continue, only not necessarily following a straight line.

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>.