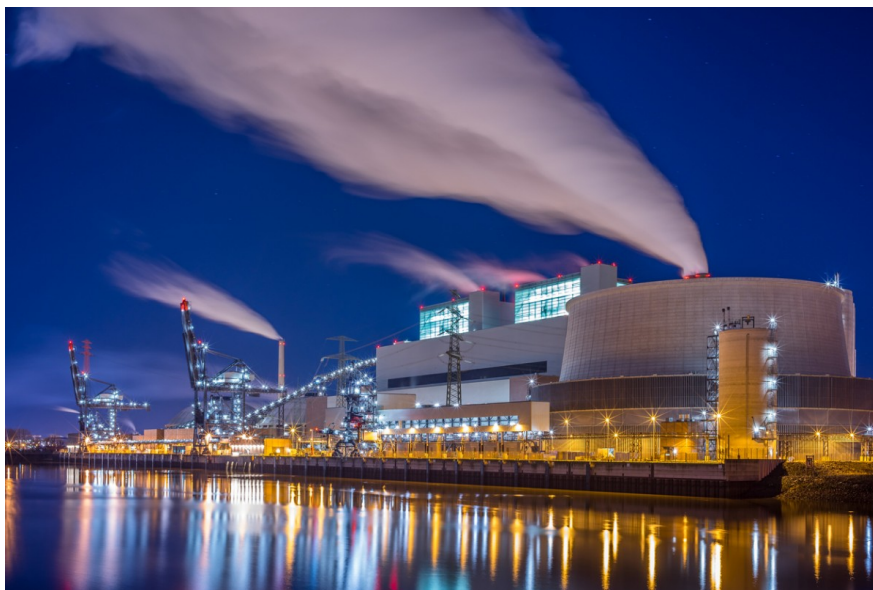


## Germany: Mixed bag of data

A downward correction after a long positive stretch and an upward correction after a long negative stretch: the German economy is still in search of clear guidance



Source: iStockphoto

This morning has provided a mixed bag of data for the German economy in November, with something for optimists and pessimists alike. After three consecutive increases, industrial orders nosedived by 1.0% month-on-month, from 0.2% MoM in October. On the year, new orders were down by 4.3%. The drop was driven by weak foreign demand. Domestic orders increased by 2.4% MoM. Despite today's drop, the deflation of industrial order books seems as though it came to an end in the second half of the year. While in the first half of 2018, new orders had dropped by 1.2% MoM on average, they have increased by 0.2% MoM on average since then.

Also this morning, the German statistical agency reported that seasonally-adjusted real retail sales stopped the continuous decline since the summer and surged by 1.4% MoM in November, from an upwardly revised 0.1% MoM in October. A clear sign that the drop in private consumption in the third quarter was only a soft patch and not the start of a new negative trend.

### Something for everyone

All in all, this morning's macro data have something for everyone. The drop in new orders after

three consecutive increases will support the pessimists' view of a longer-lasting slowdown of the German industry, while the surge in retail sales will support the optimists' view of solid domestic demand preparing the grounds for an economic rebound.

Admittedly, retail sales and new orders are the most volatile economic indicators and one should not read too much into a single data entry. However, in these current darkening times for the German economy, we stick to our moderately optimistic view and see rays of light, at least for now.

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