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Snap

## Germany: Cold summer shower

Disappointing new orders data show tentative signs of trade tensions hitting the German economy, which doesn't bode well for the industrial outlook in the second half of the year

German industrial orders took a severe hit in June, dropping by 4% month-on-month, from 2.6% MoM in May. On the year, new orders were down by 0.8%. Even though new orders data are highly volatile, the June report could be a tentative sign of how trade tensions are hitting the German economy. Foreign orders from outside the eurozone dropped by almost 6% MoM. At the same time, domestic orders decreased by 2.8% MoM. With the sharpest drop since January 2017, today's new orders data do not bode well for German industry going into the second half of the year.

Before turning to the second half of the year, however, second quarter GDP will get more attention. While Eurostat already released a preliminary flash estimate for GDP growth in the entire eurozone in the second quarter, Germany has only today started to count hard data for the month June. It was definitely not a good start.

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