

## Germany: Another calm before the storm

Industrial orders data suggest that the international dimension of the Covid-19 impact on German industry was relatively mild in February.



Industrial orders dropped by 1.4% month-on-month in February, from a downwardly revised 4.8% MoM increase in January. On the year, industrial orders were up by 1.5%. The drop was driven by weaker foreign demand (-3.6% MoM). To put these numbers into perspective, during the worst months of the 2008/9 recession, industrial orders dropped by a monthly average of 7% MoM for five consecutive months.

Just to remember, in pre-Covid-19 days German industry had already been in a free fall, with industrial orders dropping by a monthly average of 0.7% MoM in 2018 and 0.4% MoM in 2019. The very tentative signs of a bottoming out at the turn of year currently seem far far away.

February industrial orders were supposed to give a first impression of how the German economy will be affected by the international dimension of Covid-19. February was the month in which Covid-19 was still considered to mainly affect Europe through weaker demand from China and supply chain disruptions. Needless to say that this assessment is a bit outdated...However, today's numbers at least show that this first wave of the Covid-19 impact on German industry has been rather benign. As Covid-19 affects the economy through multiple channels, today's industrial orders data look to be just another eerie calm before the storm.

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